

FISCAL YEAR 2018 OPERATING BUDGET

FISCAL YEARS 2019 TO 2023 FINANCIAL PROJECTIONS





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Southeastern Pennsylvania Transportation Authority
Pennsylvania**

For the Fiscal Year Beginning

July 1, 2016

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Southeastern Pennsylvania Transportation Authority for its annual budget for the fiscal year beginning July 1, 2016. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



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Vice-Chairman

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General Manager

Jeffrey D. Knuettel, P.E.

To: Pasquale T. Deon, Sr., Chairman

From: Jeffrey D. Knuettel

Subject: Fiscal Year 2018 Operating Budget

Date: August 14, 2017

I am pleased to present the Southeastern Pennsylvania Transportation Authority (SEPTA) Operating Budget for Fiscal Year 2018 to Board Members, customers, and stakeholders.

The Fiscal Year 2018 Operating Budget totals \$1.4 billion and reflects anticipated increases in costs for labor, fringe benefits, fuel, parts, and services. The Operating Budget maintains existing levels of transportation service and includes a modest fare increase, which went into effect on July 1, 2017. The Authority has adopted a policy of enacting fare increases every three years pursuant to the recommendations of the Pennsylvania Transportation Funding and Reform Commission.

Fiscal Year 2017 marked the eighteenth consecutive year that the Authority achieved a balanced budget. This accomplishment demonstrates our commitment to maintain fiscal discipline and make efficient use of available resources.

The 2018 budget reflects our business vision and priorities as described in the **Building the Future** plan, which defines five areas of strategic effort: **The Customer Experience, SEPTA is a Business, Workforce Development & Support, Rebuilding the System, and Safety & Security as the Foundation.** Highlights of the plan include:

The Customer Experience

The Customer Experience will always be a core Authority focus and our plan is to further emphasize communication and customer convenience this year. We are building a robust program to deliver real-time information to riders and provide interactive content on various social media platforms. As we continue the roll-out of SEPTA Key, customers will gain additional conveniences such as the ability to establish auto-pay accounts, use the website or kiosks to easily reload fare instruments, and make other travel-related payments such as parking.

Our newly-purchased fleet of hybrid buses will feature customer amenities such as Wi-Fi and USB charging ports. In the Fall of 2017, SEPTA plans to introduce "Boulevard Direct" bus service to provide enhanced service at key intersections between Frankford Transportation Center and Neshaminy Mall. Planned in partnership with the City of Philadelphia as part of its "Route for Change" program, this service will include distinct branding, on-street transit stations, and operational enhancements.

SEPTA is a Business

SEPTA is committed to implementing best practices in order to ensure the Authority remains a sustainable, high-performance, outcome-driven agency. We continue to undertake concept studies for enhancement activities and transit-oriented development initiatives. In the upcoming fiscal year, staff will initiate an assessment and comprehensive analysis covering SEPTA's entire bus network operations.

Workforce Development & Support

SEPTA strives to promote workplace diversity and fairness, as well as establish new pathways to employment and career advancement. We have developed internal goals for hiring and promotion opportunities and created internal mentoring groups for women and minorities. We aim to further increase women and minority participation in management and professional ranks. SEPTA provides training programs to improve employee performance, teach new skills, or retrain employees as required to ensure that the workforce has a comprehensive understanding of the regulations, procedures, policies, and skills needed to perform their assigned duties.

Rebuilding the System

SEPTA's commitment to rebuilding the system was strengthened by the passage of legislation for a transportation funding solution under Act 89. With these resources, the Authority is focused on maintaining a state of good repair for vital assets by rehabilitating and replacing critical infrastructure and systems, including bridges, stations, and substations, along with vehicle maintenance facilities. Over the next four years, SEPTA will receive 525 new hybrid buses, 15 electric locomotives and 45 multi-level push-pull railcars. Additionally, 25 new electric buses will be put into service this year.

Safety & Security as the Foundation

Safety and security are fundamental principles of our industry and a top priority at SEPTA. We are committed to promoting a safety-first corporate culture for employees and customers through various educational programs. SEPTA is proud to be one of the first transit systems in the United States to have completed the installation of Positive Train Control (PTC), in full operation on our Regional Rail network. We have also introduced a new "Elerts" system, which will allow SEPTA riders to use smartphones to discreetly report crime and disorderly incidents to SEPTA Transit Police. This will allow dispatchers to quickly respond to reported incidents, record the incident with the GPS technology synced to security cameras, quickly send out advisories and alerts to Transit Officers and customers.

These fundamentals define our vision and highlight what we want to accomplish. Working with the Board, Elected Officials, and Transit Stakeholders we will continue ***Building the Future***, one that is strong for the region, our customers, and every SEPTA employee.

The Fiscal Year 2018 Operating Budget reinforces our commitment to provide safe, reliable, and convenient transportation service to the Southeastern Pennsylvania region.

SEPTA FY 2018 Operating Budget

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1. Introduction and Profile

SEPTA's History

Greater Philadelphia has evolved into a vibrant center of economic growth in the country and the Southeastern Pennsylvania Transportation Authority's (SEPTA) multi-modal transit system has been a catalyst for this development; providing service to three states and giving riders in the region easy access to work, school, healthcare appointments, recreational outings, and major shopping destinations. The policy makers' commitment to investing in transportation at the federal, state, and local level has enriched the lives of residents, visitors, and tourists.

SEPTA was created by the Pennsylvania General Assembly in 1964 as a solution to the need for a regional approach to transit, which would provide needed transportation for passengers, shared services to reduce expenses and greater access to financial



markets to help maintain and expand the system. On September 30, 1968, after five years of negotiations, SEPTA acquired the Philadelphia Transportation Company.

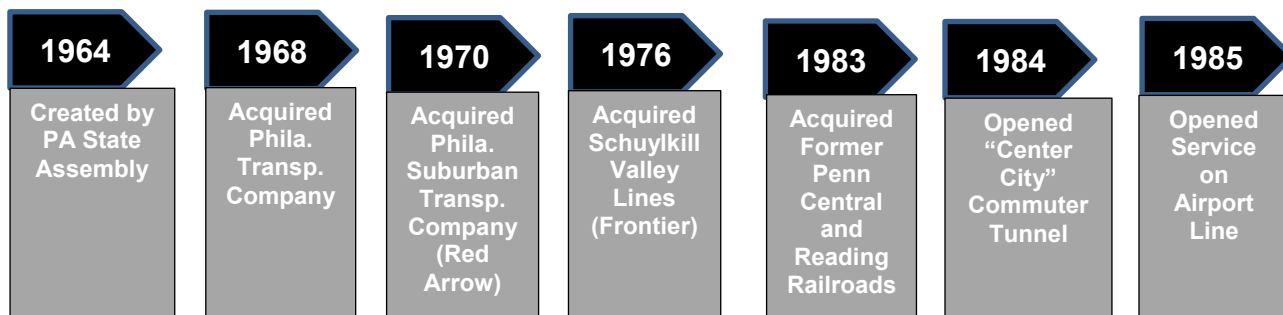


The Philadelphia Transportation Company was created January 1, 1940 and was responsible for the operation of buses, trolleys,

trackless trolleys, and subway elevated lines: the Market-Frankford line and the Broad Street line in the Philadelphia area.

In 1983, SEPTA was required to take over all operations of Conrail's passenger railroad to be integrated with the Authority's existing transit services. Conrail, which was federally funded, had originally assumed responsibility for the passenger services of the Pennsylvania Railroad and the Reading Company in 1976. Both railroads went bankrupt due to the decline in the demand for the transportation of coal, the introduction of superhighways, and the advance of air travel. After a difficult transition and a 108 day strike by Conrail railroad workers, SEPTA's Regional Rail Division was established. Between Fiscal Years 2012-2016, Regional Rail had outpaced transit in annual ridership growth and is a critical component in Southeastern Pennsylvania's economic engine.

INTEGRATING SOUTHEASTERN PENNSYLVANIA'S TRANSIT NETWORK





1. Introduction and Profile

Today, more than 50 years after its creation by the Pennsylvania General Assembly, SEPTA is the nation's sixth largest transit system, with a vast network of fixed route services including bus, subway, trolley, trackless trolley, and Regional Rail, as well as ADA paratransit and Shared Ride programs. This network provides service in Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties with connections into New Jersey and Delaware. SEPTA is also one of the region's largest employers, with a workforce of approximately 9,400 employees.



SEPTA SERVICE PROFILE AT A GLANCE

	FIXED ROUTES	REVENUE VEHICLES	STATIONS & STOPS	ANNUAL TRIPS <i>(in millions)</i>
BUS & TROLLEY BUS	126	1,454*	13,100	156.2
MARKET-FRANKFORD LINE	1	218	28	53.2
BROAD STREET LINE	1	125	25	35.4
REGIONAL RAIL	13	396	155	34.7
TROLLEYS	8	159	670	24.0
NORRISTOWN HIGH SPEED LINE	1	26	22	3.1
ADA PARATRANSIT/SHARED RIDE	N/A	457	N/A	1.7

**Exact number varies as new buses are acquired and old vehicles are retired.*

1. Introduction and Profile



SEPTA Regional Rail & Rail Transit



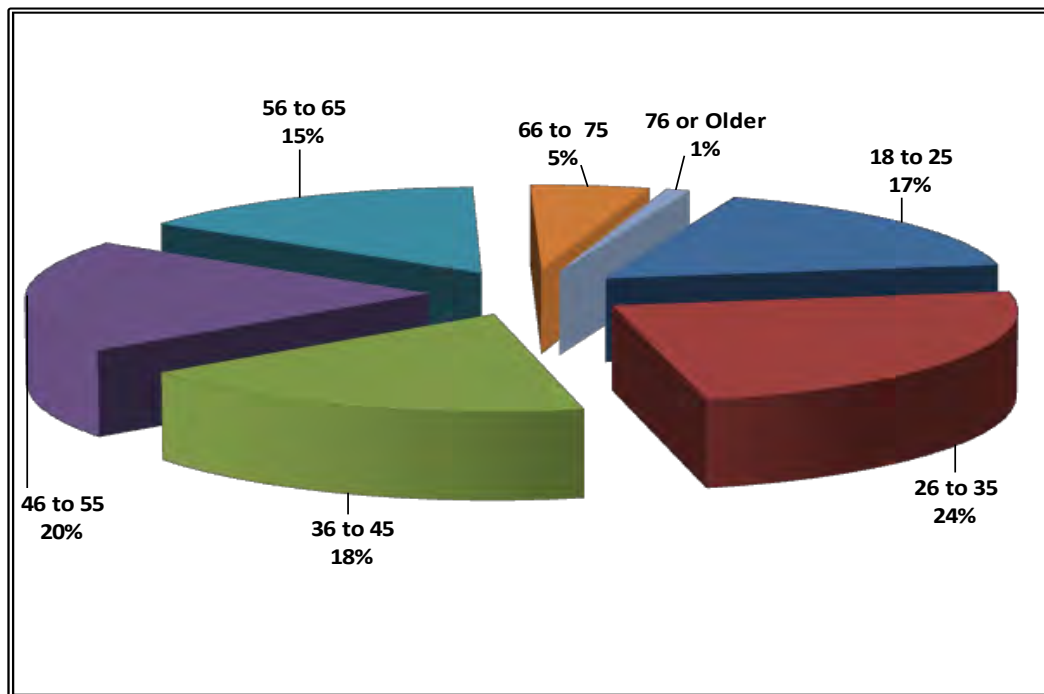
1. Introduction and Profile



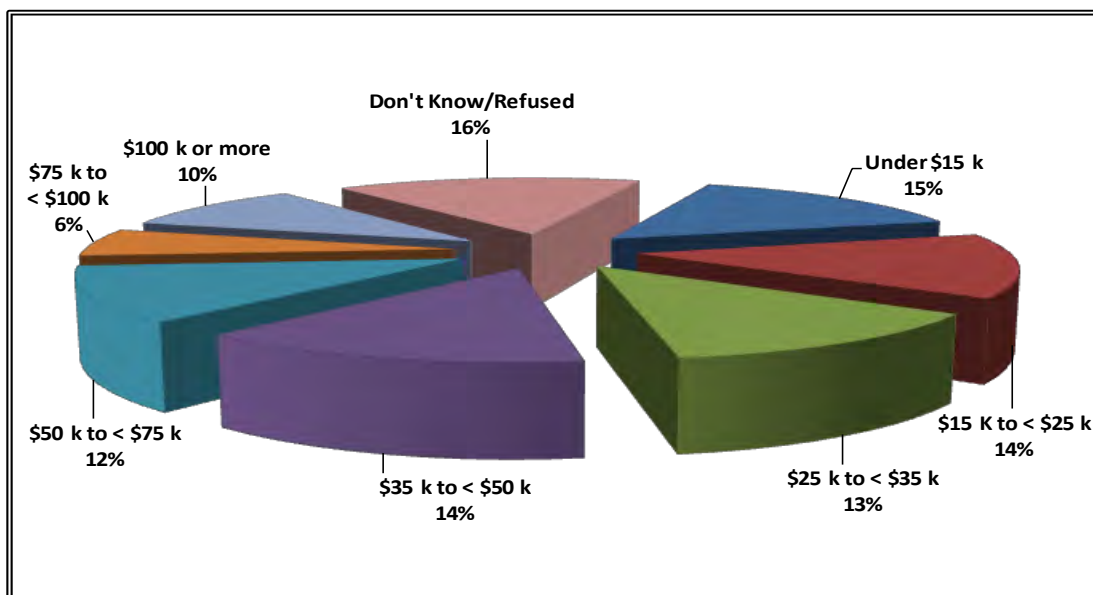
SEPTA Passengers

The following charts serve to illustrate the typical SEPTA customer. The demographic data was recorded and compiled as part of the SEPTA 2015 Customer Satisfaction Survey.

**Age of
Adult Passengers**



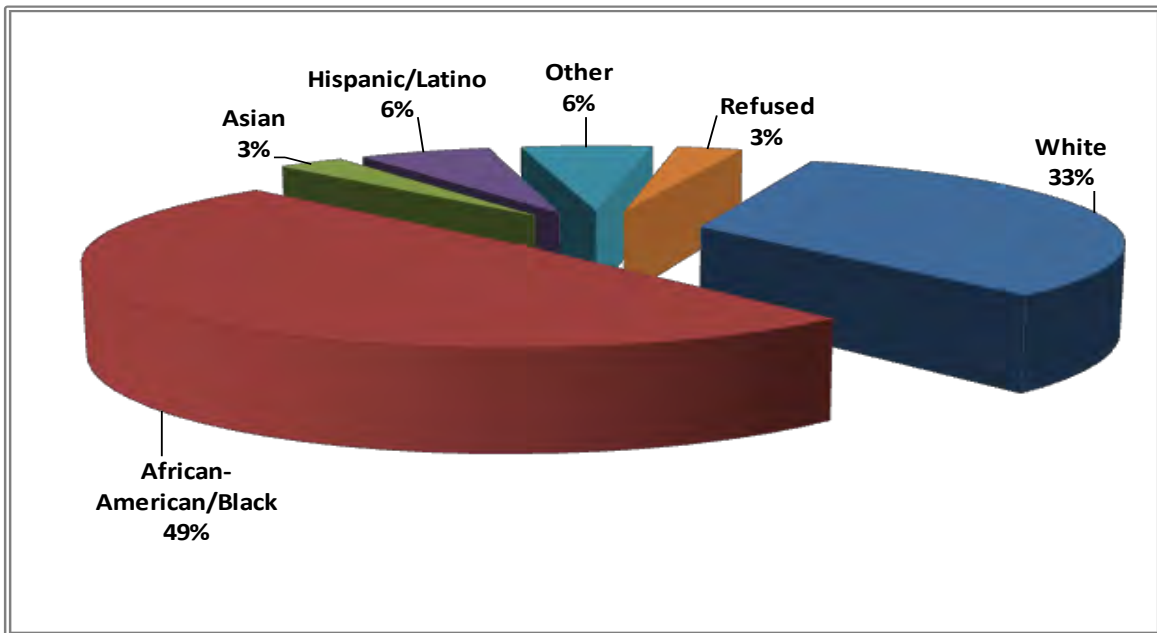
**Annual Household Income of
Passengers**



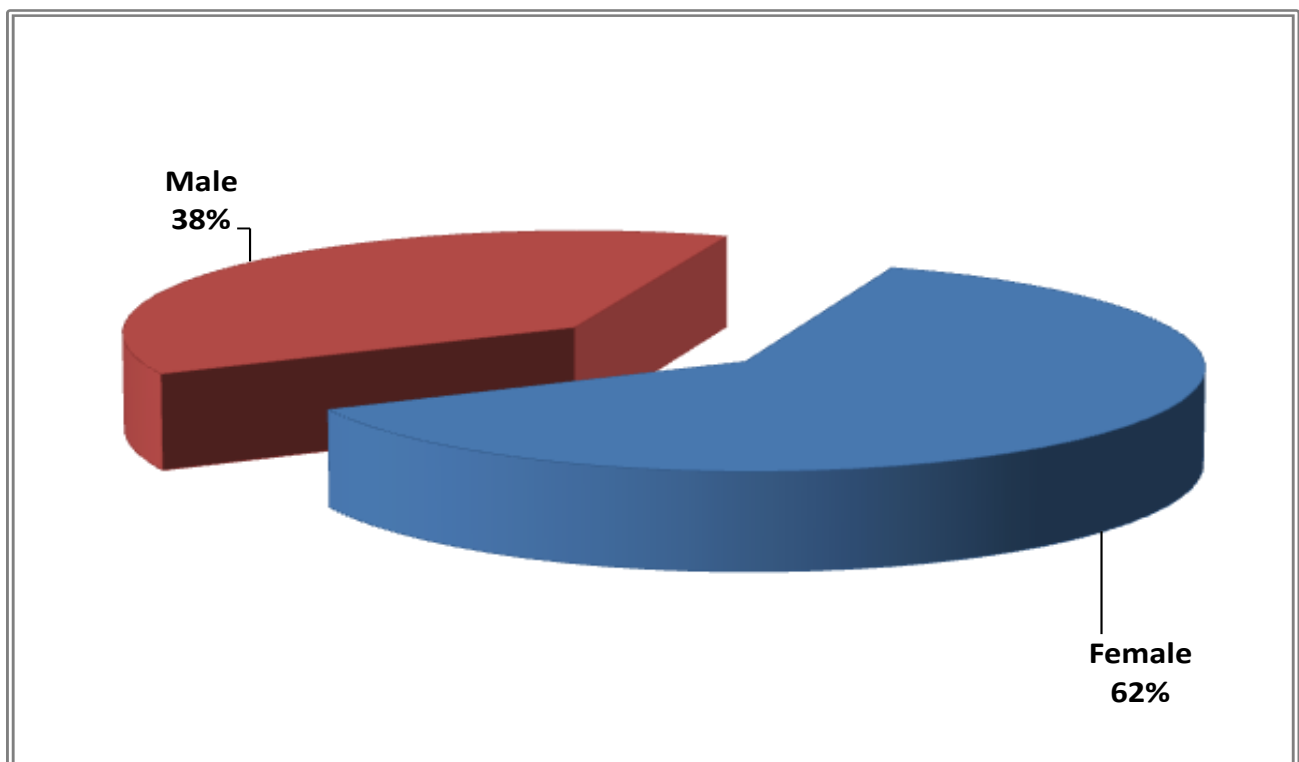
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Ethnicity of
Passengers



Gender of
Passengers



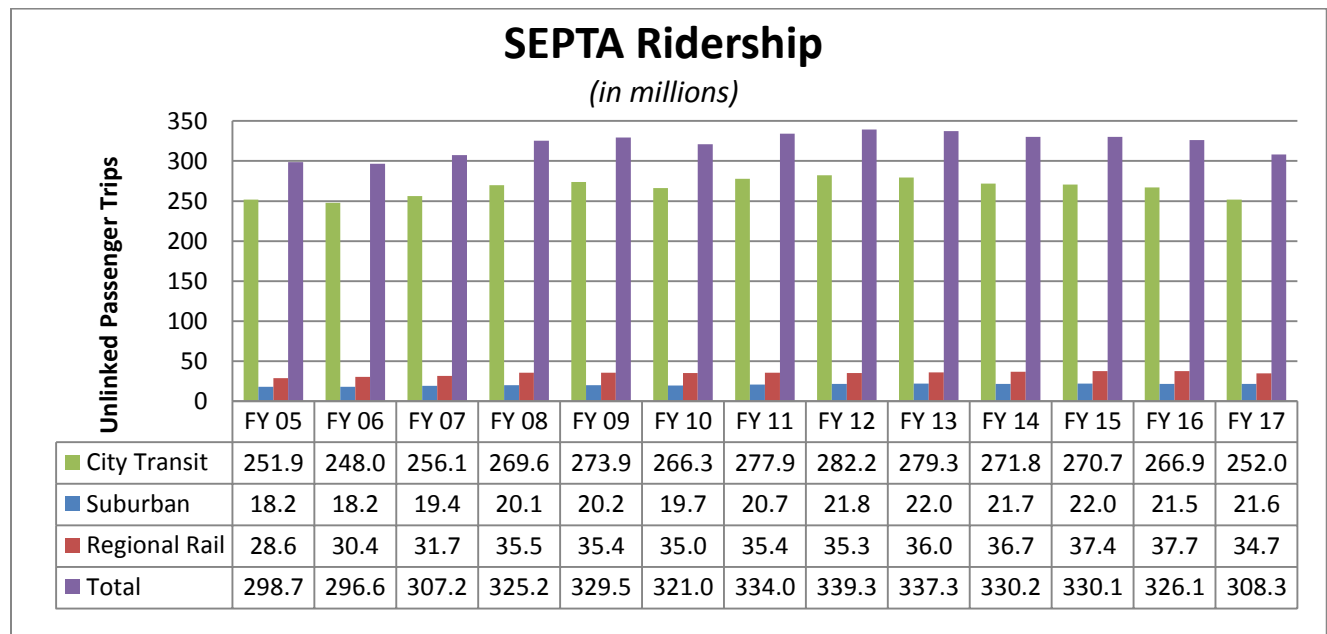
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Key Regional Transportation Trends

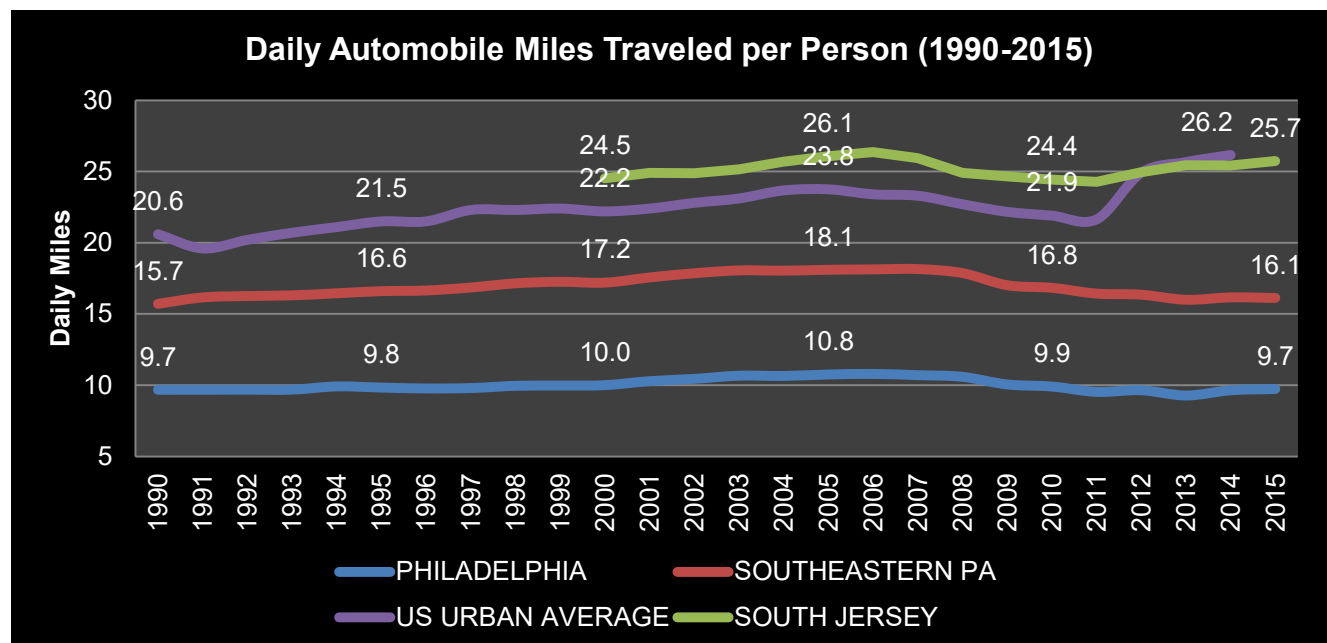
Transit Ridership

Total ridership has decreased over the past five years due to a number of factors, such as increased competition and moderate gas prices.



Driving Rates

Automobile use trends underscore the extent to which transit is increasingly becoming a mode of choice for residents of Southeastern Pennsylvania. As transit ridership increases, driving rates decrease. Historically, the City of Philadelphia and Southeastern Pennsylvania driving rates have been roughly one-third and two-thirds the national urban average, respectively. In recent years, as national driving rates have rebounded with improving economic conditions, local driving rates have remained flat.





1. Introduction and Profile

Strategic Business Plan for Fiscal Years 2015 through 2019

In July 2014, the SEPTA Board adopted a five-year Strategic Business Plan for Fiscal Years 2015 through 2019. The plan positions SEPTA to evaluate and take advantage of key trends that will allow SEPTA to become a public transportation system that meets the region's evolving transportation needs. The plan is available at www.septa.org/strategic-plan and represents a framework for all other SEPTA planning documents, including the Operating Budget.

The framework includes a vision, mission, core values, and strategic objectives to guide organizational planning and development for the next five years:

VISION: To be the region's preferred choice for transportation, and to earn that choice by:

- Connecting the region for integrated mobility
- Sustaining our environment and preserving our system for future generations
- Committing to continuous improvement and innovation
- Providing safe, excellent service by a team of dedicated employees

MISSION: SEPTA is dedicated to delivering safe, reliable, sustainable, accessible, and customer-focused public transit services, contributing to the region's economic vitality, sustainability, and enhanced quality of life.

CORE VALUES:

For our service:

- Safe
- Reliable
- Sustainable
- Accessible
- Customer-Focused

For our people:

- Diverse
- Honest
- Creative
- Empowered
- Accountable

For our culture:

- Collaborative
- Constructive
- Respectful
- Engaging
- Transparent

These principles serve as a framework for approaches to pursue SEPTA's eight strategic objectives in the five-year plan:

- **Safety and Security**
- **Rebuilding the System**
- **The Customer Experience**
- **Ridership Growth**
- **Sustainability**
- **Business Partnerships**
- **Human Capital Development**
- **Emerging Technologies**





1. Introduction and Profile

Balanced Scorecard of Key Performance Indicators

SEPTA's Strategic Business Plan establishes a "balanced scorecard" approach to performance management. The Key Performance Indicators (KPIs) are designed to guide strategy development based on a quantitative evaluation of progress during plan implementation. The KPIs were carefully selected to represent meaningful measures of achievement towards strategic objectives across all business units.

Progress updates on each KPI are posted quarterly at www.septa.org/strategic-plan.

The balanced scorecard has six key focus areas:

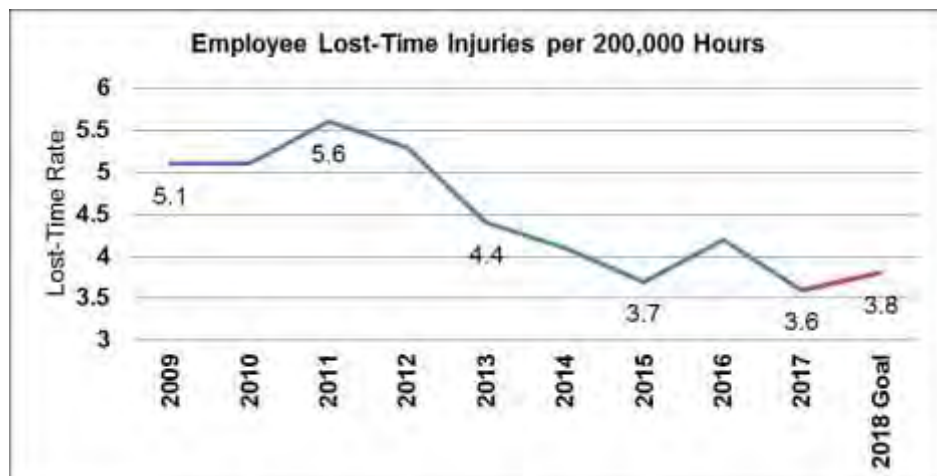
- * Safety & Security: develop a safety-first culture
- * Financial Efficiency: responsibly manage resources
- * The Customer Experience: provide best-in-class transportation services
- * Resource Management: implement best management practices
- * State of Good Repair & Reliability: reduce the backlog of capital repair needs
- * Employee Growth: attract, develop, and retain a diverse, healthy, and versatile workforce

Safety & Security

Goal Statement: to develop a safety-first culture that results in fewer customer and employee incidents.

Employee Lost Time Injuries per 200,000 Work Hours

<i>Injuries causing missed work divided by work hours times 200,000</i>				
	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
Surface Transportation	5.9	7.5	6.7	7.0
Vehicle Maintenance–Bus	4.6	2.9	2.3	2.6
Rail Transportation	3.8	3.2	3.9	3.5
Vehicle Maintenance–Rail	2.6	5.1	2.4	3.7
Non-Operations	1.7	1.9	1.0	1.4



1. Introduction and Profile



Vehicle, Passenger, and Station Incidents

<i>Reported vehicle and passenger incidents per 100,000 miles; reported station incidents per 1,000,000 passenger trips</i>			
	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
Vehicle Incidents	5.33	5.14	5.13
Passenger Incidents	4.03	3.96	3.92
Station Incidents	1.94	0.45	1.17

Note: FY 2016 used as baseline for goals due to a change in data sources.

Financial Efficiency

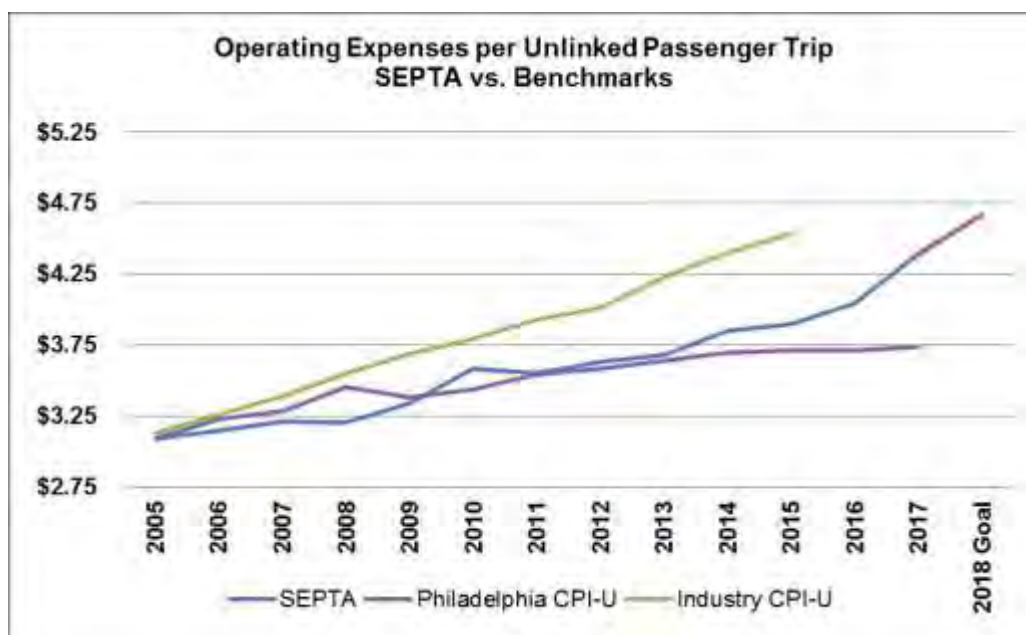
Goal Statement: to responsibly manage resources in a way that provides requisite budget stability to grow the system.

Operating Expenses per Unlinked Passenger Trip

Goal: Change in SEPTA is Below Change in Philadelphia CPI-U and Industry CPI-U

<i>Total operating expenses divided by total unlinked passenger trips</i>				
	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
Operating Expenses <i>(in thousands)</i>	\$1,287,658	\$1,318,576	\$1,353,073	\$1,445,936
Unlinked Passenger Trips <i>(in thousands)</i>	330,100	326,100	308,300	309,880
Operating Expenses Per Unlinked Passenger Trip	\$3.90	\$4.04	\$4.39	\$4.67

***Note:** "Unlinked Passenger Trips" for fiscal year goals uses budget projections, so "Operating Expenses per Unlinked Passenger Trip" according to this budget statistic will differ from the long-term KPI goal published.



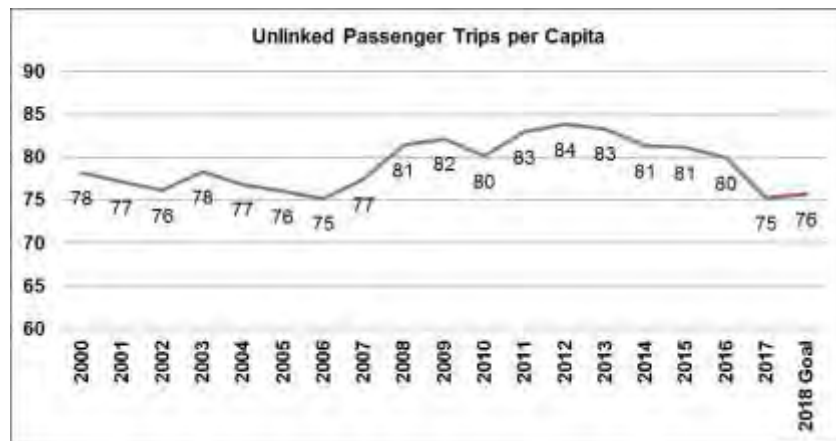


1. Introduction and Profile

Unlinked Passenger Trips per Capita

<i>Total unlinked passenger trips divided by total five county SEPTA population</i>					
	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
Unlinked Passenger Trips <i>(in thousands)</i>	330,200	330,100	326,100	308,300	309,880
Regional Population <i>(in thousands)</i>	4,060	4,070	4,080	4,096	4,096
Unlinked Passenger Trips per Capita	81.33	81.11	79.93	75.27	75.65

Note: “Unlinked Passenger Trips” for fiscal year goals uses budget projections, so “Unlinked Passenger Trips per Capita” according to this budget statistic will differ from the long-term KPI goal published.



- **Other Measures**

- **Route Utilization** – Measured based on three criteria: 1) Fully allocated cost; 2) Total passenger revenue (calculated at average fare); and, 3) Operating ratio (passenger revenue divided by fully allocated cost).
 - **City Transit Division:** According to the “City Transit Division Service Standards and Process” adopted by the SEPTA Board in April 1995 and amended in March 2007: If a route performs below 60% of the average route operating ratio, remedial action is taken. Fiscal Year 2016’s financial results will be approved for action in Fiscal Year 2018. City Transit Division’s average was 30% and the substandard performance mark was 17%.
 - **Regional Rail Division:** According to the “Regional Rail Service Standards and Process” adopted by the SEPTA Board in March 2007: If a route performs below 60% of the average route operating ratio, remedial action is taken. Fiscal Year 2016’s financial results will be approved for action in Fiscal Year 2018. Regional Rail Division’s average was 47% and the substandard performance mark was 27%.
 - **Suburban Transit (represents Victory and Frontier combined) Division:** According to the “Suburban Transit Division Service Standards and Process” adopted by the SEPTA Board in March 2007: If a route performs below 60% of the average route operating ratio, remedial action is taken. Fiscal Year 2016’s financial results will be approved for action in Fiscal Year 2018. Suburban Transit Division’s average was 24% and the substandard performance mark was 14%.



1. Introduction and Profile

• Other Financial and Productivity Goals

- **Scheduled Service Requirements** – 98% or higher of service operating as scheduled.
- **Accessibility by Elderly and Disabled** – Achieve 100% of total requests for ADA trips (710,000 ADA City Division and 330,000 ADA Suburban Division trips).
- **Vehicle Miles per Employee** – 10,600 or more vehicle miles per employee (includes miles in contracted services, Shared Ride, and ADA Paratransit).
- **Administrative-to-Operating Employee Ratio** – 1:20 ratio between administrative employees and operating employees.
 - *Note: operating employees includes anyone in the “Operating Division,” fare media sales & distribution, operations training, and customer service.*

Vehicles per Mechanic

<i>A key staffing measure that establishes goals based on vehicle types reflecting the varying size, complexity, and condition of each fleet</i>					
	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
Bus and Trackless Trolley	3.1	3.0	3.0	3.1	3.0
City Trolley	1.6	1.8	1.8	1.8	1.6
Market-Frankford Line	3.5	3.3	3.3	3.4	3.5
Broad Street Line	2.0	1.9	1.9	1.9	2.5
Media-Sharon Hill Line	1.4	1.4	1.5	1.5	1.3
Norristown High Speed Line	1.9	2.0	2.0	2.1	1.7
Regional Rail	1.7	1.6	1.6	1.5	1.6

Note: Mechanics assigned to SEPTA's vehicle overhaul program not included.

The Customer Experience

Goal Statement: provide best-in-class transportation services that meet or exceed customer expectations.

Commendations-to-Complaints Ratio Goal: 10% increase from FY 2013 by FY 2019

<i>Total customer commendations divided by complaints received through media (mail, e-mail, phone, web)</i>					
	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
Commendations	2,610	2,446	2,518	2,904	N/A
Complaints	37,130	41,056	47,568	53,216	N/A
Commendations-to-Complaints Ratio	0.070	0.060	0.053	0.055	0.059



1. Introduction and Profile

Customer Satisfaction Rating

SEPTA conducted a Customer Satisfaction Survey in 2015, resulting in 1,294 rider and 401 non-rider interviews (1,695 total respondents). Riders provided ratings on a scale of 0 – 10 and could provide observations on up to 3 modes taken within the last seven days prior to their interview. A total of 2,853 mode observations were collected. In 2015, the overall SEPTA Modal Average satisfaction rating maintained at 7.5 from 2012.

<i>Approval rating ranked from 0-10 in SEPTA's Customer Satisfaction Survey</i>				
	2008	2010	2012	2015
Suburban Trolley	7.7	8.2	7.9	8.0
Market-Frankford Line	7.4	8.2	8.0	7.8
Broad Street Line	7.3	8.0	7.9	7.7
Frontier Bus	7.5	7.5	7.3	7.7
Regional Rail	7.6	7.9	8.3	7.6
City Trolley	6.8	7.8	7.5	7.5
City Bus	6.6	7.4	7.0	7.3
Victory Bus	6.8	7.6	7.4	7.3
Unweighted Average	7.2	7.8	7.7	7.6
Weighted Average*	7.0	7.7	7.5	7.5

Note: Data is weighted by mode ridership in order to be representative of overall rider population; unweighted scores are included as this is how Modal Average scores have been reported in previous Customer Satisfaction Surveys.

Service Reliability Goal: Varies by Mode

Percentage of arrivals within 5 minutes, 59 seconds of schedule					
		FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
SURFACE	City/Suburban Bus				
	Allegheny	76%	77%	78%	77%
	Callowhill	78%	76%	74%	76%
	Comly	80%	80%	81%	81%
	Frankford	83%	81%	81%	83%
	Midvale	76%	75%	76%	76%
	Southern	80%	77%	77%	78%
	Frontier	80%	80%	82%	81%
	Victory	79%	78%	80%	79%
	City Trolley	80%	79%	78%	80%
	Media-Sharon Hill Line	95%	94%	94%	94%
	Norristown High Speed Line	99%	100%	100%	98%
RAIL	Broad Street Line	99%	99%	99%	98%
	Market-Frankford Line	98%	98%	97%	98%
	Regional Rail	87%	84%	78%	90%

1. Introduction and Profile



Uptime of Mission Critical IT Systems

<i>Percentage of time during which mission critical communication platforms are fully operational</i>				
	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
SEPTA.org	99.99%	100.00%	99.99%	99.99%
Real-Time Application Program Interface (API)	98.67%	98.37%	99.76%	99.99%

Communications Activity Index Goal: 50% increase from FY 2014 by FY 2019

<i>Composite index of activity on SEPTA's customer facing electronic communications platforms</i>				
	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
SEPTA.org 1K Page Views	119,263	117,649	108,930	N/A
@SEPTA_Social Activity	45,653	54,357	61,868	N/A
Mobile App Downloads	149,452	118,656	104,888	N/A
Control Center Tweets	28,068	41,862	59,295	N/A
Communications Activity Index	342,436	332,524	334,981	350,000

Resource Management

Goal Statement: to implement best management practices that ensure SEPTA remains a sustainable, high-performance, outcome-driven agency.

Procurement Turnaround Time

Goal: 21 days for < \$25K, 40 days for \$25K-\$100K, and 0% variance to goal for > \$100K

<i>Purchasing process efficiency within categories of procurements by dollar value</i>				
	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
< \$25,000 Procurements (in days)	19.5	19.4	19.2	21.0
\$25,000 to \$100,000 Procurements (in days)	55.6	51.2	52.8	40.0
> \$100,000 Procurements	-1.3%	-11.4%	-11.5%	0.0%



1. Introduction and Profile

Carbon Footprint

Goal: 10% decrease in Emissions per Passenger Mile Traveled from FY 2013 by FY 2019

<i>Emissions Per Passenger Mile Traveled = pounds of carbon dioxide equivalents emitted divided by passenger miles traveled (compared with single-occupancy vehicle)</i>				
	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
Diesel (in gallons)	14,660,967	14,076,028	13,819,198	N/A
Electricity (in megawatt hours)	491,416	475,324	479,874	N/A
Gasoline (in gallons)	2,393,837	2,394,112	2,215,447	N/A
Natural Gas (in cubic feet)	2,660,262	2,105,821	2,479,102	N/A
Heating Oil (in gallons)	314,040	257,793	287,403	N/A
Steam (in millions of pounds)	38,490	29,333	25,261	N/A
Total Emissions (in carbon dioxide equivalents)	843,200,000	809,300,000	808,948,112	N/A
Passenger Miles (in thousands)	1,530,300	1,511,600	1,387,332	N/A
Emissions Per Passenger Mile Traveled	0.551	0.535	0.583	0.500

Waste Diversion Rate

Goal: 20% Diversion Rate

<i>Diversion Rate = tons of recycled municipal waste divided by tons of total municipal waste</i>				
	FY 2015 Actual	FY 2016 Actual	FY 2017 Goal	FY 2018 Goal
Recycled Municipal Waste (in tons)	1,247	1,407	N/A	N/A
Other Municipal Waste (in tons)	5,013	5,064	N/A	N/A
Diversion Rate	19.9%	21.7%	20.0%	20.0%

State of Good Repair & Reliability

Goal Statements: to reduce SEPTA's backlog of capital repair needs in a way that improves safety, reliability, capacity, and the customer experience.

Major Capital Project Deadlines Achieved within 90 Days of Deadline

<i>Number of major project deadlines achieved within 90 days divided by total major projects with deadlines</i>				
	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
Major Project Deadlines Achieved within 90 Days	72	102	80	N/A
Total Major Project Deadlines	84	120	99	N/A
Achievement Rate	85.7%	85.0%	80.8%	80.0%

Note: The original goal as established in the FY 2015 - 2019 Strategic Business Plan has been achieved, and new goals have been established accordingly.



1. Introduction and Profile

Mean Distance between Failures Goal: Varies by Mode

Fleet miles traveled divided by mechanical failures requiring vehicle to be removed from revenue service					
		FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Goal
SURFACE	City/Suburban Bus				
	Allegheny	4,037	6,408	6,925	7,000
	Callowhill	7,224	7,207	6,723	7,000
	Comly	12,145	12,463	13,182	12,000
	Frankford	11,555	13,559	14,604	14,000
	Midvale	5,581	7,357	7,339	7,500
	Southern	7,744	7,447	7,530	7,500
	Frontier	25,939	25,148	26,446	22,000
	Victory	14,239	12,856	12,002	14,500
	City Trolley	6,795	8,577	10,006	7,500
	Media-Sharon Hill Line	20,977	18,004	26,174	20,000
	Norristown High Speed Line	41,468	56,518	51,872	35,000
RAIL	Broad Street Line	157,099	151,160	165,978	135,000
	Market-Frankford Line	93,032	105,105	108,591	80,000
	Regional Rail	38,157	23,352	23,546	25,000

Note: Methodology of data collection was revised in FY 2016 to capture all failures so that appropriate action can be taken to continuously improve service reliability.

Employee Growth

Goal Statement: to attract, develop, and retain a diverse, healthy, and versatile workforce.

Incremental Improvement from Ongoing Focus on Women and Minority Hiring Efforts

		7/1/14 Actual	7/1/15 Actual	7/1/16 Actual	7/1/17 Actual	7/1/19 Goal
Management (% out of total management employees)	Minority	39.8%	42.0%	44.4%	46.1%	47%
	Women	16.9%	17.2%	19.0%	19.8%	20%
Professional (% out of total professional employees)	Minority	38.1%	36.5%	38.1%	39.2%	40%
	Women	35.9%	36.0%	35.2%	34.1%	35%

Note: The original goal as established in the FY 2015 - 2019 Strategic Business Plan has been achieved, and new goals have been established accordingly.



1. Introduction and Profile

“Advancing Internal Management” (AIM)
Goal: 50% Fill Rate for Key Vacant Positions by 2019





2. The Budget Process

Budget Development

The first step of the budget development process begins with a meeting attended by the Operating Budget and Strategic Planning staff in December to discuss the key initiatives for the upcoming fiscal year. These initiatives are incorporated into each division's goals and funding is provided within the financial constraints determined by the Chief Financial Officer and the Deputy General Manager/Treasurer.

The next major step in the process occurs in January with the preparation of a draft service projection for the following fiscal year. This is a collaborative effort between the Operating Budget and Service Planning Departments and results in a detailed service projection and Authority-wide expense projection by mid-February.

The Operating Budget Department also meets with personnel from each staff and operating department to review specific budget requirements and potential issues for the following fiscal year. Based on these meetings and the Strategic Planning Initiatives, the service projection may then be revised if necessary. Departmental expense levels are set accordingly and preliminary authorization letters and the budget database template are distributed to all departments in February.

Operating and staff department personnel then populate the Management Planning and Control (MPC) operating budget database template for submission. The Operating Budget Department reviews each submission and recommends corrections or revisions as necessary. The submissions are then compiled and the SEPTA Board is briefed.

Period for Public Comment

The Operating Budget Department publishes SEPTA's Operating Budget Proposal on the Authority's Website and distributes it publicly in late March, thus beginning the period for public comment, which is open until the beginning of May. SEPTA's Board Chairman appoints an independent hearing examiner to conduct public hearings in each of the five counties that SEPTA serves. Public hearings are then held in late April to inform the public and to solicit public comment on the proposal. SEPTA staff presents testimony and responds to inquiries from the public.

Adoption

The hearing examiner evaluates the SEPTA staff proposal together with public commentary and issues a report to the Board in the beginning of May. Included in this report are recommendations the hearing examiner may choose to make as a result of his review. The Board of Directors adopts a budget for the upcoming fiscal year at its regular May Board meeting on the fourth Thursday of the month.

Budget Amendment

Subsequent amendments to the total budget are handled in the same manner as the annual budget process. That is, budget amendments would be subject to the same three phases of the annual process: budget development, period for public comment and budget adoption.

2. The Budget Process



Fiscal Year Calendar July 1, 2017 to June 30, 2018

S	M	T	W	TH	F	S		S	M	T	W	TH	F	S	
JULY 2017							Days	JANUARY 2018							Days
						1	Cum	31	1	2	3	4	5	6	Cum
2	3	4	5	6	7	8	29	7	8	9	10	11	12	13	28
9	10	11	12	13	14	15	29	14	15	16	17	18	19	20	211
16	17	18	19	20	21	22		21	22	23	24	25	26	27	
23	24	25	26	27	28	29									
AUGUST 2017								FEBRUARY 2018							
30	31	1	2	3	4	5	35	28	29	30	31	1	2	3	28
6	7	8	9	10	11	12	64	4	5	6	7	8	9	10	239
13	14	15	16	17	18	19		11	12	13	14	15	16	17	
20	21	22	23	24	25	26		18	19	20	21	22	23	24	
27	28	29	30	31	1	2									
SEPTEMBER 2017								MARCH 2018							
3	4	5	6	7	8	9	28	25	26	27	28	1	2	3	35
10	11	12	13	14	15	16	92	4	5	6	7	8	9	10	274
17	18	19	20	21	22	23		11	12	13	14	15	16	17	
24	25	26	27	28	29	30		18	19	20	21	22	23	24	
								25	26	27	28	29	30	31	
OCTOBER 2017								APRIL 2018							
1	2	3	4	5	6	7	28	1	2	3	4	5	6	7	28
8	9	10	11	12	13	14	120	8	9	10	11	12	13	14	302
15	16	17	18	19	20	21		15	16	17	18	19	20	21	
22	23	24	25	26	27	28		22	23	24	25	26	27	28	
NOVEMBER 2017								MAY 2018							
29	30	31	1	2	3	4	35	29	30	1	2	3	4	5	35
5	6	7	8	9	10	11	155	6	7	8	9	10	11	12	337
12	13	14	15	16	17	18		13	14	15	16	17	18	19	
19	20	21	22	23	24	25		20	21	22	23	24	25	26	
26	27	28	29	30	1	2		27	28	29	30	31	1	2	
DECEMBER 2017								JUNE 2018							
3	4	5	6	7	8	9	28	3	4	5	6	7	8	9	28
10	11	12	13	14	15	16	183	10	11	12	13	14	15	16	365
17	18	19	20	21	22	23		17	18	19	20	21	22	23	
24	25	26	27	28	29	30		24	25	26	27	28	29	30	

2. The Budget Process



	Key Activities	Dec-16		Jan-17					Feb-17					Mar-17					17-Apr					May-17					Jun-17	Jul-17	Aug-17
	week ending	17	31	7	14	21	28	4	11	18	25	4	11	18	25	1	8	15	22	29	6	13	20	27	30	31	12				
1	SEPTA Management discussion of priorities and Strategic Plan Initiatives for the upcoming year																														
2	Meetings with SEPTA's operating and staff departments																														
3	Develop draft service projection based on current service and FY 2018 levels																														
4	Schedule Public Hearings																														
5	Develop overall and department projections																														
6	Budget Department review of submissions																														
7	Adjust overall and departmental projections																														
8	Budget Update Presentation to GM Team																														
9	Revise Service Projections as necessary																														
10	Distribute preliminary budget authorization letters to all Staff and Operating Departments																														
11	Budget adjustments are input into Management Planning and Control software (MPC)																														
12	Review first draft of FY 2018 Operating Budget Proposal																														
13	Public Hearing Notice to press relations																														
14	Prepare Public Hearing Testimony																														
15	Public Hearing Notice published in newspapers & SEPTA website/posted at major transportation centers/Associated Services for the Blind website																														
16	Publish FY 2018 Operating Budget Proposal on SEPTA website																														
17	Period for public commentary																														
18	Public Hearings in City of Philadelphia and Suburban counties																														
19	Report from the Hearing Examiner to Board																														
20	Board Budget Committee Briefing																														
21	Board adopts FY 2018 Operating Budget																														
22	Final budget adjustments to MPC																														
23	Publish Final FY 2018 Operating Budget Book on SEPTA website																														

3. Fiscal Year 2018 Assumptions & Consolidated Budget



This document presents the Fiscal Year 2018 Operating Budget. Fiscal Years 2016 and 2017 actual results are also presented for comparison.

Service	The Fiscal Year 2018 Operating Budget Proposal of \$1.45 billion in operating expenses assumes transportation service levels will remain generally consistent with Fiscal Year 2017.
Revenue	Operating Revenue for Fiscal Year 2018 is projected to increase \$35.1 million or 7.1% higher than the Fiscal Year 2017 actual results driven by a fare increase effective July 1, 2017 impacting both Passenger and Shared Ride Program revenue. The other operating revenue budget, which includes investment, advertising, real estate and parking income, is expected to be slightly higher than the Fiscal Year 2017 actual results.
Expenses	Fiscal Year 2018 expenses total \$1.45 billion. Fiscal Year 2017 actual results includes unanticipated expense savings in connection with a 6-day City Transit strike, snow removal, self-insured healthcare costs, and injury claim reserves. The Fiscal Year 2018 budget includes normalized labor, fringe benefit, material, fuel, and claims costs.
State and Local Subsidy	<p>Fiscal Year 2018 state and local subsidies include a grant from the Pennsylvania Public Transportation Trust Fund. Act 44 of 2007 established the trust fund and Act 89 of 2013 amended Act 44. These acts dedicate state funding for public transportation agencies across the Commonwealth of Pennsylvania. Trust fund grants are required to be matched locally at 15%. Total State Operating Subsidy for FY 2018 is \$680.4 million with a Local Match of \$102.1 million.</p> <p>The Commonwealth and counties also provide a 20% match on federal funds received or \$11.4 million for funding Amtrak trackage lease expenses and certain debt service payments. Additionally, \$1.2 million of funds are provided for lease expenses for copiers, inventory warehousing, and communications antenna towers. Funding of \$32.6 million is also provided by the Commonwealth for Debt Service with a Local Match of \$1.2 million provided by the five counties.</p>
Federal Subsidy	Federal Subsidy includes Federal Preventive Maintenance funds of \$36.8 million, Federal Capital Lease Subsidy of \$37.6 million, and Capital Debt Service of \$7.9 million.

3. Fiscal Year 2018 Assumptions & Consolidated Budget



Amounts in Thousands ('000)	FY 2018 <u>Budget</u>
REVENUE	
Passenger Revenue	\$ 475,197
Shared Ride Program	18,500
Other Income	36,050
Investment Income	<u>1,625</u>
TOTAL OPERATING REVENUE	\$ 531,372
EXPENSES	
Labor and Fringe Benefits	\$ 1,036,785
Material and Services	295,791
Injury and Damage Claims	29,894
Propulsion Power	32,650
Fuel	25,593
Vehicle and Facility Rentals	<u>4,600</u>
OPERATING EXPENSE	\$ 1,425,313
Depreciation/Contributed Capital	<u>\$ 20,623</u>
TOTAL EXPENSES	\$ 1,445,936
DEFICIT BEFORE SUBSIDY	<u>\$ (914,564)</u>
OPERATING SUBSIDY	
Federal	\$ 82,262
State	725,304
Local	103,598
Other	<u>3,400</u>
TOTAL SUBSIDY	\$ 914,564
SURPLUS/(DEFICIT)	<u>\$ -</u>



4. Financial & Budgetary Policies

FINANCIAL PLANNING POLICIES

Balanced Budget

The SEPTA Board adopts a balanced budget or short term operating spending plan, before the start of each fiscal year in accordance with the enabling legislation of the Commonwealth of Pennsylvania. A balanced budget is one in which expected operating revenues and subsidies equal expected operating expenses. When a deviation from a balanced budget is foreseen or occurs, this is reported as an operating surplus or deficit.

Fiscal Year

The Authority's budget is prepared on a fiscal year basis, beginning July 1 and ending June 30, which is consistent with the financial statements.

Basis of Financial Reporting and Budgeting

The Authority's annual financial statements are prepared using the economic resources measurement focus and the accrual basis in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. Revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. The Authority distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses generally result from the Authority's principal operation of providing passenger transportation service. The principal operating revenues are passenger fares and the principal operating expenses are related to the delivery of passenger transportation.

The budget is prepared on a similar basis as the annual financial statements, with the following exceptions:

- The budget includes depreciation net of amortization of contributed capital, while the annual financial statements report gross depreciation. Amortization of contributed capital has been replaced in the annual financial statements by capital grant funding.
- The budget includes a resultant Surplus or Deficit, while the annual financial statement reports a Change in Net Position.
- The budget includes investment income in operating revenue, while the annual financial statements treat this item, and all other subsidies, as non-operating. Conversely, route guarantees classified as operating revenue commencing in Fiscal Year 2013 in the annual financial statements continue to be classified as an operating subsidy within the budget. Additionally, interest expense is treated as non-operating in the annual financial statements.
- The net actuarially determined other post-employment benefit obligation recognized under Governmental Accounting Standards Board (GASB) Statement No. 45, which was implemented by the Authority in Fiscal Year 2008, has been excluded from budgeted expenses. The expense impact of the annual unfunded pension liability change under GASB 68, implemented by the Authority in Fiscal Year 2015, is also excluded from budgeted expenses. Such costs are included in operating expenses in the annual financial statements.



4. Financial & Budgetary Policies

Long-Range Planning

SEPTA continually assesses the consequences of national, state, and local demographic, economic, travel, and development trends for SEPTA's current and future operations, services, and capital projects. This assessment includes the evaluation of current and potential service levels in accordance with SEPTA's Annual Service Plan and the City Transit, Suburban Transit, and Regional Rail Service Standards and Processes. This assessment forms the backdrop for SEPTA's long-range planning and the basis for the five-year financial projections, which are included in the adopted budget for each fiscal year.

The five-year financial projection includes fare increases every three years, with the exception of Fiscal Year 2017, which was delayed one year due to the implementation of SEPTA Key, SEPTA's new fare collection system. SEPTA anticipates the next fare increase will occur in Fiscal Year 2020, which would return the schedule to every three years. This, along with prudent oversight of expenditures, will facilitate balanced budgets in future years.

Asset Management

SEPTA has established an internal control structure to ensure that assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The Procurement, Supply Chain Management and Disadvantaged Business Enterprise Division is responsible for the purchase, lease, sale, and disposal of parts, equipment, supplies, repairs, and services utilized by the Authority. This includes the coordination and enforcement of federal, state, and local funding agency regulations for all approved capital expenditures. The principal areas of responsibility include compliance and support services, contract administration, purchasing, resource control, and production control. The specific function of this group is further defined in the departmental section of this budget document.

REVENUE POLICIES

Revenue Diversification

The Authority continues to explore areas for revenue diversification and enhancement to supplement passenger revenue and subsidies. Such enhancements shall include, but not be limited to, developing new business and community partnerships, expanding the advertising program, selling naming rights of transit stations, identifying opportunities to serve new markets, and pursuing parking initiatives to increase ridership and parking revenue.

Fees and Charges

The Authority's fare structure has been implemented in accordance with legislation established by the Legislature of the Commonwealth of Pennsylvania and applicable federal legislation. Changes to SEPTA's fare structure are subject to the guidelines established by this legislation, including a public hearing process.

One-time Revenues

The Authority has adopted a policy whereby it does not rely on one-time revenues to finance ongoing operations.

Unpredictable Revenues

There are no major revenue sources that the Authority believes to be unpredictable in nature. The Authority has adopted a policy whereby it does not rely on unpredictable revenues to finance ongoing operations.



4. Financial & Budgetary Policies

EXPENDITURE POLICIES

Accountability

All divisions within SEPTA are expected to adhere to budgeted guidelines. Managers are held accountable for operating within their authorized budget.

The spending plan is based both on an assessment of ongoing needs to maintain existing service levels and to introduce new programs. Due to external constraints on the Authority's expense growth, expansion is limited to those programs exhibiting the highest degree of cost effectiveness and payback in future economies. Budgeting is done at the management center level and managers are provided with detailed variance reports on a monthly basis.

Numerous financial safeguards and controls are in place throughout the Authority to prevent wasteful or unnecessary spending. The Office of Innovation Department conducts assessments of various SEPTA operations and will recommend structural and process changes when deemed appropriate to ensure SEPTA operates as efficiently as possible. In addition, the Authority's Internal Audit Department and numerous outside agencies, many of whom supply SEPTA with funding, regularly audit the Authority.

The Authority has established a policy of comparing actual expenditures to budget on a monthly basis for both operating and capital expenditures. For capital expenditures, this reporting is handled by the Project Control Department of the Engineering, Maintenance & Construction Division. For operating expenditures, reporting is handled jointly by the Operating Budget and General Accounting Departments of the Finance and Planning Division. In addition, each operating and staff department is responsible for periodic reporting and analysis of expenditures. Actions to bring the budget into balance are implemented by the General Manager, with input from staff. Actions such as fare increases or significant service changes require Board approval.

Service Stabilization Accounts

The Authority has adopted a policy to maintain a prudent level of financial resources to protect against the need to reduce service levels or increase fares due to revenue/subsidy shortfalls and/or unanticipated one-time expenditures.

DESCRIPTION OF EXISTING DEBT AND DEBT SERVICE POLICIES

Revenue Refunding Bonds

The Revenue Refunding Bonds are limited obligations of the Authority and the principal and interest thereon are payable solely from the revenues received by the Authority from the Pennsylvania Consolidated Statutes, including all moneys distributed to the Authority from the Public Transportation Assistance Fund created under Article XXIII of the Pennsylvania Tax Reform Code of 1971, as amended.

On July 18, 2007, the Governor of the Commonwealth of Pennsylvania signed into law Act No. 2007-44 ("Act 44"), which, effective July 1, 2007, among other things, (a) repealed 74 Pa. C.S. Ch. 13 (which included Section 1310); and (b) provides, in pertinent part that, notwithstanding such repeal, (i) the PTA Fund shall continue to receive the revenue the PTA Fund was entitled to receive on June 30, 2007, (ii) despite the repeal of 74 Pa. C.S. Ch. 13 and, in particular, Section 1310, transit entities that have outstanding obligations shall continue to receive money from the PTA Fund calculated and paid in the same manner as was provided on June 30, 2007, and (iii) money remaining in the PTA Fund after amounts are disbursed as described in (ii) above shall be transferred monthly to the Public Transportation Trust Fund established under 74 Pa. C.S. Ch. 1506.



4. Financial & Budgetary Policies

The Authority, as a transit entity under Act 44, will continue to receive amounts distributed from the PTA Fund that are calculated and paid in the same manner as was prescribed prior to the repeal of Section 1310.

On November 25, 2013, the Governor of the Commonwealth of Pennsylvania signed into law Act No. 2013 – 89 (“Act 89”), which increased available Capital funding for transportation in FY 2014. Act 89 has no effect on the amounts that the Authority is otherwise entitled to receive under Act 44 for repayment of its Revenue Refunding Bond obligations.

The Authority’s policy is to issue debt periodically to supplement federal and state grants in support of the Authority’s capital plan. There are no requirements to establish legal debt limits.

In March 2007, the Authority issued \$131.7 million of Variable Rate Revenue Refunding Bonds, Series of 2007. The net proceeds from the sale of the 2007 Bonds were used to currently refund the Authority’s outstanding Special Revenue Bonds, Series of 1997 and to pay the premium for a debt service reserve fund insurance policy. The net proceeds of the 1997 bonds had been used to reimburse the Authority for a portion of the costs of certain capital projects; refund certain leases entered into by the Authority for a building and related equipment; pay the costs of certain capital projects and pay the premium for a debt service reserve fund insurance policy. In December 2012, the Authority converted the \$97.95 million remaining outstanding principal amount of the 2007 bonds from the Daily Rate Mode to the Indexed Mode.

In October 2010, the Authority issued \$222.5 million Revenue Refunding Bonds, Series of 2010 due in varying amounts through 2028, with annual interest rates ranging from 2% to 5%. The net proceeds from the sale of the 2010 Bonds, together with other funds of the Authority, were used to (a) currently refund the outstanding principal amount of the 1999 Special Revenue Bonds, Series A and Series B, (b) fund the termination payments and accrued amounts payable in connection with the termination of certain swap agreements and, (c) fund certain costs and expenses incurred in connection with the issuance and sale of the 2010 Bonds. The net proceeds of the 1999 Bonds had been used to finance a portion of the Market-Frankford subway-elevated line vehicle acquisition program; refinance a bridge loan for payment of a portion of the vehicle acquisition program; refund \$73.2 million of the 1995A Bonds; reimburse the Authority for a portion of the costs of certain capital projects and pay a portion of the premium for a debt service reserve fund insurance policy.

Capital Grant Receipts Bonds

On August 16, 2011, the Authority issued \$201.6 million of Capital Grant Receipts Bonds, Series 2011 due in varying amounts through 2029 with annual interest rates ranging from 3% to 5%. The net proceeds from the sale of the 2011 Capital Grant Receipts Bonds were used to (a) finance the acquisition of 116 Silverliner V Regional Railcars, (b) finance the rehabilitation of Wayne Junction Intermodal Facility, (c) fund a deposit to the Debt Service Reserve Fund, and (d) fund certain costs and expenses in connection with the issuance and sale of the 2011 Bonds.

The Capital Grant Receipts Bonds, Series 2011 are limited obligations of the Authority and are payable solely from and secured solely by (I) all amounts received by the Authority from the “Grant Receipts”, (II) amounts on deposit in certain funds and accounts established under the Indenture, including investment earnings thereon, and (III) any and all other moneys and securities furnished from time to time to the Trustee by the Authority. Grant Receipts consist of all amounts received by the Authority after the date of issuance of the 2011 Bonds from its share of FTA Section 5337 State of Good Repair Funding, and for each Federal Fiscal Year thereafter. FTA Section 5337 State of Good Repair Funding is the successor to FTA Section 5309 Fixed Guideway Modernization Formula Funding.



4. Financial & Budgetary Policies

New Payment Technology Loan

On March 29, 2012, the Authority entered into an agreement with PIDC Regional Center LP XXVIII for a low cost, construction-like loan for an amount not to exceed \$175 million to fund the SEPTA Key project. The SEPTA Key project will modernize SEPTA's current fare payment system by allowing direct fare with a variety of contactless devices including debit cards, credit cards and smart phones. The loan was made available to SEPTA under guidelines of the U.S. Immigrant Investor Program, sponsored by the United States Citizenship and Immigration Services (USCIS). The loan has three separate tranches of \$35 million, \$75 million and \$65 million and the final drawdown occurred on January 31, 2017. This is an interest only loan with a rate of 1.75% and maturities ranging between 5 and 6 years. The Authority repaid the first tranche principal amount of \$35 million that matured on May 30, 2017. The Authority anticipates utilizing Federal Grants with state and local match, to repay the loan as each tranche matures.

Energy Savings Company "ESCO" Lease/Purchase Agreement

The Authority entered into a Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corporation on November 24, 2015. There are two tranches of debt; tranche 1 has a principal amount of \$4.2 million, and interest rate of 2.37% and a final maturity in June 1, 2026; and tranche 2 has a principal amount of \$14.0 million, an interest rate of 3.2%, and a final maturity of June 1, 2033. The equipment to be installed will serve to reduce the Authority's energy consumption and the resultant operating savings are guaranteed by the ESCO to equal or exceed the debt service payments throughout the term of the agreement.

The Authority entered into a Master Equipment Lease/Purchase Agreement with PNC Equipment Finance, LLC on November 30, 2016. The total amount financed is \$35.9 million, due in varying amounts through March 30, 2034 with an annual nominal interest rate of 2.83%. The equipment to be leased/purchased will include the installation of various energy conservation measures through a third party agreement which will serve to reduce the Authority's energy consumption and operating expenses. The measures to be taken include the construction of a Combined Heat and Power Plant ("CHP") that will provide electricity to the Wayne Junction substation and Midvale bus maintenance facility, the installation of interior and exterior LED lighting upgrades to certain Authority owned buildings, and other work to conserve energy. The resultant operating savings are guaranteed by the ESCO to equal or exceed the debt service payments and other yearly costs associated with the projects throughout the term of the agreement.

EB-5 Loan for Equipment and Infrastructure

On January 1, 2016, the Authority entered into an EB-5 loan agreement with Delaware Valley Regional Center, LLC, for an amount up to \$300 million to partially finance various capital projects over an approximate 7-year time frame. On April 28, 2017, SEPTA borrowed \$100 million under this agreement. This is an interest only loan with a rate of 2.0% and a maturity date of July 1, 2022.

Revolving Line of Credit Agreement

On September 1, 2016, the Authority entered into a \$50 million Revolving Line of Credit Agreement ("Committed Line of Credit Note") with PNC Bank, National Association, with an expiration date of August 31, 2017. The Note is unsecured and bears interest at the Daily Libor Rate plus a credit spread. The facility fee associated with the revolving line of credit varies depending upon the amount borrowed and outstanding during the one-year term. At June 30, 2017, \$30 million of the available facility had been borrowed and remained outstanding. On July 27, 2017, the SEPTA Board authorized a one-year extension of the Revolving Line of Credit and an increase in the facility amount to \$100 million. The effective date of the new facility is September 1, 2017.



4. Financial & Budgetary Policies

Debt Limit

The Authority does not have a debt limit, but must demonstrate the ability to repay prior to entering into a loan agreement or issuing bonds.

Debt Service

The Authority has two series of Revenue Refunding Bonds (issued in 2007 and 2010), and a series of Capital Grant Receipts Bonds (issued in 2011) currently outstanding. In March 2012 the Authority entered into a loan agreement to fund the SEPTA Key Project. In November of both 2015 and 2016, the Authority entered into “ESCO” Lease/Purchase Agreements.

Debt Service Requirements

Interest on the Series 2007 and Series 2010 Bonds is payable semi-annually on March 1 and September 1, and interest on the Series 2011 Bonds is payable semi-annually on December 1 and June 1. The aggregate debt service requirements for the 3-bonds, 2-ESCO Agreements, and the EB-5 Loan for Equipment and Infrastructure are summarized in the following tables:

Bond Debt Service Requirements
(Amounts in Thousands)

Fiscal Year	Interest*	Principal	Total
2018	\$ 17,011	\$ 34,075	\$ 51,086
2019	15,334	35,670	51,004
2020	13,500	37,455	50,955
2021	11,598	31,700	43,298
2022	9,975	33,230	43,205
2023	8,265	22,185	30,450
2024	7,155	23,300	30,455
2025	5,990	24,460	30,450
2026	4,777	25,670	30,447
2027	3,493	26,960	30,453
2028	2,145	27,050	29,195
2029	798	16,270	17,068
TOTAL	\$100,041	\$338,025	\$438,066

*Interest on the Series 2007 Bonds is a synthetic fixed rate of 4.706%

ESCO Debt Service Requirements
(Amounts in Thousands)

Fiscal Year	Interest	Principal	Total
2018	\$ 514	\$ 1,074	\$ 1,588
2019	839	3,064	3,903
2020	1,465	2,537	4,002
2021	1,390	2,612	4,002
2022	1,314	2,538	3,852
2023	1,239	3,155	4,394
2024	1,147	3,165	4,312
2025	1,054	3,473	4,527
2026	953	3,306	4,259
2027	861	3,254	4,115
2028	767	3,517	4,284
2029	666	3,566	4,232
2030	563	3,725	4,288
2031	455	3,776	4,231
2032	346	4,438	4,784
2033	219	4,392	4,611
2034	99	3,517	3,616
TOTAL	\$13,891	\$55,109	\$69,000



4. Financial & Budgetary Policies

EB-5 Loan for Equipment and Infrastructure Debt Service Requirements (Amounts in Thousands)

Fiscal Year	Interest	Principal	Total
2018	\$ 2,000	-	\$ 2,000
2019	2,000	-	2,000
2020	2,000	-	2,000
2021	2,000	-	2,000
2022	2,000	-	2,000
2023	167	100,000	100,167
TOTAL	\$10,167	\$100,000	\$110,167

STATEMENT OF CHANGES IN EQUITY

The comparative fiscal year Statement of Changes in Equity displays the Authority's change in contributed capital as well as the change in its accumulated operating deficit, including the fiscal year operating financial results on a balanced budget reporting basis. The equity amounts below exclude the post-employment benefit and unfunded pension obligations recognized under GASB 45 and 68, respectively. Operating surpluses are reducing deficits accumulated in prior years.

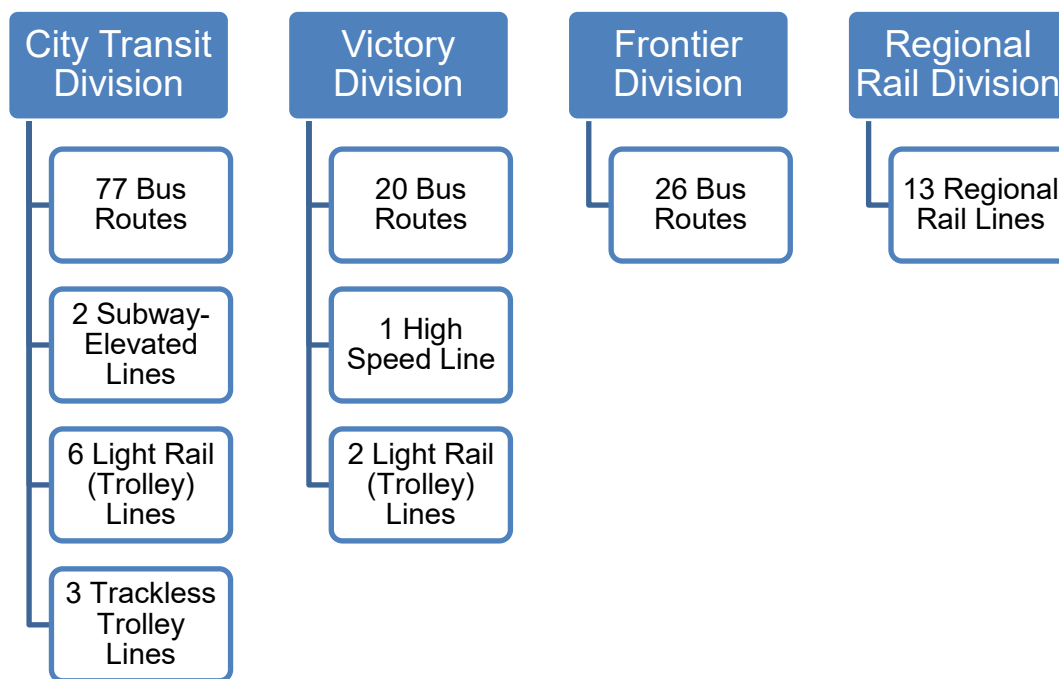
Statement of Changes in Equity (Amounts in Thousands)			
	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget
Contributed Capital:			
Balance at Beginning of Year	\$ 3,292,811	\$ 3,463,701	\$ 3,620,027
Capitalized Grant Property	512,650	510,315	535,728
Capitalized Grant Property - Retirements	(58,912)	(18,270)	(29,827)
Amortization	(341,760)	(353,987)	(366,912)
Amortization - Retirements	58,912	18,268	29,577
Contributed Capital Balance at End of Year	\$ 3,463,701	\$ 3,620,027	\$ 3,788,593
Operating Surplus/(Deficit):			
Accumulated Operating Surplus/(Deficit) at Begin.	\$ (182,271)	\$ (181,989)	\$ (183,714)
Operating Surplus	194	207	-
Unrealized Investment Gain/(Loss)	88	(1,932)	-
Operating Surplus/(Deficit)	\$ 282	\$ (1,725)	\$ -
Accumulated Operating Deficit at End of Year	\$ (181,989)	\$ (183,714)	\$ (183,714)
Total Equity	\$ 3,281,712	\$ 3,436,313	\$ 3,604,879

5. Organizational Structure

Operating Divisions



The Pennsylvania General Assembly established the Southeastern Pennsylvania Transportation Authority (SEPTA) on February 18, 1964 to provide public transit services for Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties. Over the years, SEPTA acquired the assets of several private transportation operators to form four operating divisions. This distinction permits the efficient implementation of various collective bargaining agreements and the computation of local subsidies. Although the revenue and costs are logically accounted for separately, the operating and staff departments exist in a matrix structure and function as a cohesive unit beneath the following four broad operating divisions:



City Transit Division

SEPTA acquired the assets of the former Philadelphia Transportation Company in 1968, forming the current City Transit Division. The City Transit Division, which primarily serves the City of Philadelphia, operates 77 bus routes, 6 light rail (trolley) lines, 3 trackless trolley lines, and 2 subway-elevated lines.

Victory Division

The Victory Division, formerly known as the Philadelphia Suburban Transportation Company, serves Chester, Delaware, and Montgomery Counties. Also known as Red Arrow until 1970, SEPTA's Victory Division is comprised of 20 bus routes, 2 light rail (trolley) lines, and 1 high speed line.

Frontier Division

The Frontier Division consists of 26 bus routes serving Bucks, Chester, and Montgomery Counties. These routes formerly came under the auspices of several private operators including Schuylkill Valley Lines, which was acquired in 1976.

Regional Rail Division

The Regional Railroad serves the City of Philadelphia, as well as Bucks, Chester, Delaware, and Montgomery Counties, with service to Newark, Delaware, and Trenton and West Trenton, New Jersey. The infrastructure and assets of the Regional Railroad were previously operated by the Pennsylvania and Reading Railroads. These regional rail lines were operated by Conrail from 1976 through 1982, and acquired by SEPTA in 1983.



5. Organizational Structure

SEPTA BOARD

SEPTA is governed by a Board consisting of fifteen Directors. The City of Philadelphia and the Counties of Bucks, Chester, Delaware, and Montgomery each appoint two members to the Board. The Pennsylvania Senate and House collectively appoint four members and the Governor of Pennsylvania appoints one representative.

OPERATING AND STAFF DEPARTMENTS

Corporate Staff Board Staff Executive Staff Office of the General Manager Deputy General Manager/Treasurer Admin. Planning, Project Coordination & Safety	Audit & Investigative Services Internal Audit Office of the Inspector General
Communications Communications and Website Management Fulfillment Services Graphic Services Print Services and Sign Shops	Customer Service & Advocacy Administration Customer Development & Advocacy Customer/Market Research & Analysis Customer Service
Employee Development/Relations EEO/AA and Employee Relations Labor Relations Test Center Training and Development	Engineering, Maintenance & Construction Administration & Finance Capital Projects Operations Support Project Compliance Project Control Real Estate
Finance & Planning Capital Budget and Grant Development Financial Services General Accounting Operating Budget Payroll Revenue, Ridership, Advertising and Sales Service Planning Strategic Planning and Analysis	Human Resources Compensation Employee Services Recruitment
Information Technology Emerging and Specialty Technologies Project Services Technical Services Network Services	Office of Innovation
New Payment Technologies/Revenue Operations New Payment Technologies Staff Revenue Operations	Office of General Counsel Claims Corporate Intake and Intel Litigation Workers' Compensation and Insurance

5. Organizational Structure



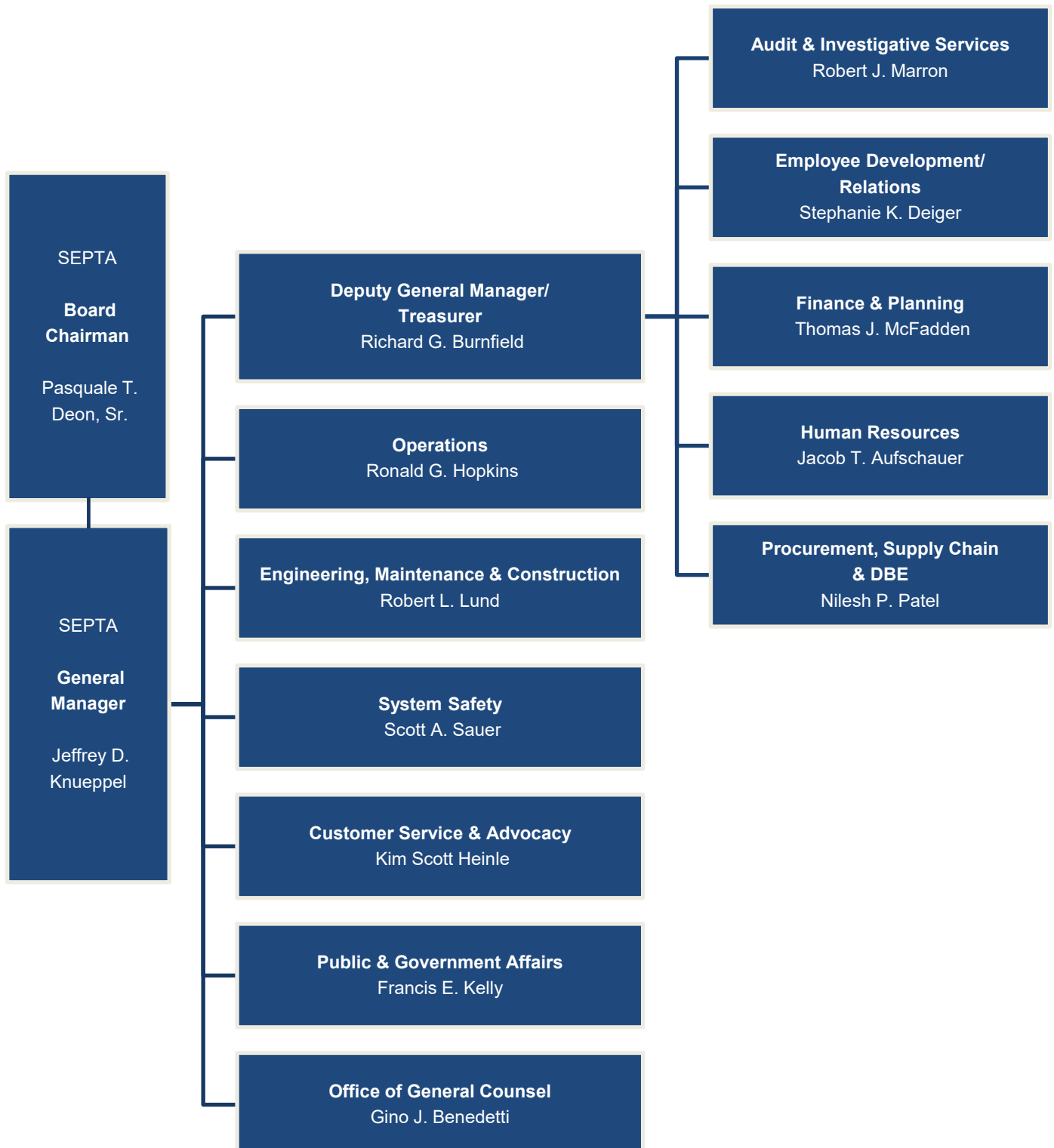
OPERATING AND STAFF DEPARTMENTS

Operations Administration and Finance Bus Vehicle Engineering Rail Vehicle Engineering Control Center Customized Community Transportation Regional Rail Transportation Subway-Elevated Transportation Surface Transportation Vehicle Equipment Maintenance	Public & Government Affairs Public Affairs- Administration/Communications Media Relations Marketing and Promotion Government Affairs- Federal, State, Region and Community Relations
Procurement, Supply Chain & Disadvantaged Business Enterprise (DBE) Administration Disadvantaged Business Enterprise Program Procurement and Supply Chain Management	System Safety System Safety Construction Safety
Transit Police Patrol Division Assurance Division Special Operations Division	

5. Organizational Structure

Corporate Team Organization Chart

(To Assistant General Manager level)



Consolidated

6. Three Year Comparison Fiscal Years 2016-2018



Amounts in thousands ('000)	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 versus FY 2017
REVENUE				
Passenger Revenue	\$ 470,445	\$ 441,401	\$ 475,197	\$ 33,796
Shared Ride Program	18,575	17,205	18,500	1,295
Other Income	35,950	35,732	36,050	318
Investment Income	1,497	1,939	1,625	(314)
TOTAL OPERATING REVENUE	\$ 526,467	\$ 496,277	\$ 531,372	\$ 35,095
EXPENSES				
Labor and Fringe Benefits	\$ 959,502	\$ 970,837	\$ 1,036,785	\$ 65,948
Materials and Services	263,335	273,170	295,791	22,621
Injury and Damage Claims	5,636	24,017	29,894	5,877
Propulsion Power	32,804	31,567	32,650	1,083
Fuel	34,336	23,937	25,593	1,656
Vehicle and Facility Rental	4,504	9,901	4,600	(5,301)
OPERATING EXPENSE	\$ 1,300,117	\$ 1,333,429	\$ 1,425,313	\$ 91,884
Depreciation/Contributed Capital	\$ 18,459	\$ 19,644	\$ 20,623	\$ 979
TOTAL EXPENSES	\$ 1,318,576	\$ 1,353,073	\$ 1,445,936	\$ 92,863
DEFICIT BEFORE SUBSIDY	\$ (792,109)	\$ (856,796)	\$ (914,564)	\$ (57,768)
OPERATING SUBSIDY				
Federal	\$ 77,468	\$ 81,340	\$ 82,262	\$ 922
State	625,064	675,829	725,304	49,475
Local	86,548	96,202	103,598	7,396
Other	3,223	3,632	3,400	(232)
TOTAL SUBSIDY	\$ 792,303	\$ 857,003	\$ 914,564	\$ 57,561
SURPLUS/(DEFICIT)	\$ 194	\$ 207	\$ -	\$ (207)

6. Three Year Comparison Fiscal Years 2016-2018



	FY 2016	FY 2017	FY 2018	FY 2018
	Actual	Actual	Budget	versus FY 2017
Amounts in thousands ('000)				
REVENUE				
Passenger Revenue	\$ 288,965	\$ 275,763	\$ 294,340	\$ 18,577
Shared Ride Program	18,575	17,205	18,500	1,295
Other Income	21,076	21,832	20,834	(998)
Investment Income	801	919	706	(213)
TOTAL OPERATING REVENUE	\$ 329,417	\$ 315,719	\$ 334,380	\$ 18,661
EXPENSES				
Labor and Fringe Benefits	\$ 661,842	\$ 664,153	\$ 715,719	\$ 51,566
Materials and Services	145,174	155,650	155,226	(424)
Injury and Damage Claims	8,560	22,219	22,702	483
Propulsion Power	12,933	11,493	11,975	482
Fuel	26,580	18,430	19,654	1,224
Vehicle and Facility Rental	3,269	3,727	3,168	(559)
OPERATING EXPENSE	\$ 858,358	\$ 875,672	\$ 928,444	\$ 52,772
Depreciation/Contributed Capital	\$ 12,819	\$ 13,347	\$ 14,281	\$ 934
TOTAL EXPENSES	\$ 871,177	\$ 889,019	\$ 942,725	\$ 53,706
DEFICIT BEFORE SUBSIDY	\$ (541,760)	\$ (573,300)	\$ (608,345)	\$ (35,045)
OPERATING SUBSIDY				
Federal	\$ 27,551	\$ 27,303	\$ 27,165	\$ (138)
State	450,359	476,591	506,991	30,400
Local	62,882	68,359	72,919	4,560
Other	1,110	1,166	1,270	104
TOTAL SUBSIDY	\$ 541,902	\$ 573,419	\$ 608,345	\$ 34,926
SURPLUS/(DEFICIT)	\$ 142	\$ 119	\$ -	\$ (119)

Victory Division

6. Three Year Comparison Fiscal Years 2016-2018



Amounts in thousands ('000)	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 versus FY 2017
REVENUE				
Passenger Revenue	\$ 22,943	\$ 22,116	\$ 22,379	\$ 263
Shared Ride Program	-	-	-	-
Other Income	2,457	2,269	2,421	152
Investment Income	40	45	34	(11)
TOTAL OPERATING REVENUE	\$ 25,440	\$ 24,430	\$ 24,834	\$ 404
EXPENSES				
Labor and Fringe Benefits	\$ 67,216	\$ 71,110	\$ 74,330	\$ 3,220
Materials and Services	19,422	19,250	20,077	827
Injury and Damage Claims	(1,770)	(529)	1,070	1,599
Propulsion Power	1,219	1,218	1,225	7
Fuel	4,463	3,095	3,293	198
Vehicle and Facility Rental	152	149	156	7
OPERATING EXPENSE	\$ 90,702	\$ 94,293	\$ 100,151	\$ 5,858
Depreciation/Contributed Capital	\$ 198	\$ 211	\$ 221	\$ 10
TOTAL EXPENSES	\$ 90,900	\$ 94,504	\$ 100,372	\$ 5,868
DEFICIT BEFORE SUBSIDY	\$ (65,460)	\$ (70,074)	\$ (75,538)	\$ (5,464)
OPERATING SUBSIDY				
Federal	\$ 3,392	\$ 3,360	\$ 3,347	\$ (13)
State	54,170	58,054	62,787	4,733
Local	7,916	8,695	9,404	709
Other	-	-	-	-
TOTAL SUBSIDY	\$ 65,478	\$ 70,109	\$ 75,538	\$ 5,429
SURPLUS/(DEFICIT)	\$ 18	\$ 35	\$ -	\$ (35)



6. Three Year Comparison Fiscal Years 2016-2018

Amounts in thousands ('000)	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 versus FY 2017
REVENUE				
Passenger Revenue	\$ 6,629	\$ 6,327	\$ 6,613	\$ 286
Shared Ride Program	-	-	-	-
Other Income	717	746	877	131
Investment Income	11	13	9	(4)
TOTAL OPERATING REVENUE	\$ 7,357	\$ 7,086	\$ 7,499	\$ 413
EXPENSES				
Labor and Fringe Benefits	\$ 26,102	\$ 25,708	\$ 27,253	\$ 1,545
Materials and Services	3,133	3,868	4,620	752
Injury and Damage Claims	(691)	441	522	81
Propulsion Power	-	-	-	-
Fuel	2,809	2,015	2,151	136
Vehicle and Facility Rental	52	50	52	2
OPERATING EXPENSE	\$ 31,405	\$ 32,082	\$ 34,598	\$ 2,516
Depreciation/Contributed Capital	\$ 46	\$ 47	\$ 53	\$ 6
TOTAL EXPENSES	\$ 31,451	\$ 32,129	\$ 34,651	\$ 2,522
DEFICIT BEFORE SUBSIDY	\$ (24,094)	\$ (25,043)	\$ (27,152)	\$ (2,109)
OPERATING SUBSIDY				
Federal	\$ 1,215	\$ 1,168	\$ 1,215	\$ 47
State	19,428	20,226	22,009	1,783
Local	2,839	3,031	3,298	267
Other	618	628	630	2
TOTAL SUBSIDY	\$ 24,100	\$ 25,053	\$ 27,152	\$ 2,099
SURPLUS/(DEFICIT)	\$ 6	\$ 10	\$ -	\$ (10)

Regional Rail Division

6. Three Year Comparison Fiscal Years 2016-2018



	FY 2016	FY 2017	FY 2018	FY 2018
	Actual	Actual	Budget	versus
Amounts in thousands ('000)				FY 2017
REVENUE				
Passenger Revenue	\$ 151,908	\$ 137,195	\$ 151,865	\$ 14,670
Shared Ride Program	-	-	-	-
Other Income	11,700	10,885	11,918	1,033
Investment Income	645	962	876	(86)
TOTAL OPERATING REVENUE	\$ 164,253	\$ 149,042	\$ 164,659	\$ 15,617
EXPENSES				
Labor and Fringe Benefits	\$ 204,342	\$ 209,866	\$ 219,483	\$ 9,617
Materials and Services	95,606	94,402	115,868	21,466
Injury and Damage Claims	(463)	1,886	5,600	3,714
Propulsion Power	18,652	18,856	19,450	594
Fuel	484	397	495	98
Vehicle and Facility Rental	1,031	5,975	1,224	(4,751)
OPERATING EXPENSE	\$ 319,652	\$ 331,382	\$ 362,120	\$ 30,738
Depreciation/Contributed Capital	\$ 5,396	\$ 6,039	\$ 6,068	\$ 29
TOTAL EXPENSES	\$ 325,048	\$ 337,421	\$ 368,188	\$ 30,767
DEFICIT BEFORE SUBSIDY	\$ (160,795)	\$ (188,379)	\$ (203,529)	\$ (15,150)
OPERATING SUBSIDY				
Federal	\$ 45,310	\$ 49,509	\$ 50,535	\$ 1,026
State	101,107	120,958	133,517	12,559
Local	12,911	16,117	17,977	1,860
Other	1,495	1,838	1,500	(338)
TOTAL SUBSIDY	\$ 160,823	\$ 188,422	\$ 203,529	\$ 15,107
SURPLUS/(DEFICIT)	\$ 28	\$ 43	\$ -	\$ (43)

7. Financial Projections Summary of Assumptions



Passenger Revenue	Revenue is expected to grow by 1% per year, except in Fiscal Years 2020 and 2023 when scheduled fare increases will take effect.
Shared Ride Revenue	This revenue category is forecasted to grow by approximately 1% each year over the five-year period.
Other Revenue	This other revenue category is expected to increase slightly when compared to the Fiscal Year 2018 budget. Income that is generated primarily from investments, real estate rentals, scrap sales, fuel tax rebates, advertising, and parking lot fees are reflected in this category.
Expenses	<p>The overall expense growth rate is approximately 3% annually with fringe benefits expected to grow at a higher rate due to increased prescription drugs and medical costs.</p> <p>The other expense categories anticipate third party supplier's price increases. The aggressive management of claims and installation of additional surveillance cameras on SEPTA vehicles and at stations are expected to continue to curtail cost increases in this area.</p>
Subsidy	The subsidy categories reflect the anticipated funding levels of the Federal, State, and required local match needed to balance the operating budget in Fiscal Year 2018 and beyond. Due to scheduled fare increases in Fiscal Years 2020 and 2023, the subsidy growth rate is lower in those years as compared to years with no increases.

7. Financial Projections of Consolidated Budget



Amounts in thousands ('000)	Budget		Projection			
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	fare increase		fare increase			fare increase
REVENUE						
Passenger Revenue	\$ 475,197	\$ 479,949	\$ 504,949	\$ 509,998	\$ 515,098	\$ 540,098
Shared Ride Revenue	18,500	18,685	18,872	19,061	19,252	19,445
Other Income	37,675	38,052	38,433	38,817	39,205	39,597
TOTAL OPERATING REVENUE	\$ 531,372	\$ 536,686	\$ 562,254	\$ 567,876	\$ 573,555	\$ 599,140
EXPENSES						
Labor and Fringe Benefits	\$ 1,036,785	\$ 1,065,284	\$ 1,097,489	\$ 1,136,662	\$ 1,179,053	\$ 1,219,889
Materials and Services	295,791	302,252	312,334	317,137	320,066	325,931
Injury and Damage Claims	29,894	30,193	30,495	30,800	31,108	31,419
Propulsion Power	32,650	34,231	34,744	35,127	35,513	35,904
Fuel	25,593	28,683	29,401	30,136	30,889	31,661
Other Expenses (Incl. Depreciation)	25,223	25,779	26,552	27,083	27,625	28,177
TOTAL EXPENSES	\$ 1,445,936	\$ 1,486,422	\$ 1,531,015	\$ 1,576,945	\$ 1,624,254	\$ 1,672,981
DEFICIT BEFORE SUBSIDY	\$ (914,564)	\$ (949,736)	\$ (968,761)	\$ (1,009,069)	\$ (1,050,699)	\$ (1,073,841)
OPERATING SUBSIDY						
Federal	82,262	87,040	87,800	88,704	89,725	90,764
State	725,304	751,839	766,964	801,207	835,269	854,480
Local	103,598	107,423	110,529	115,655	122,167	125,024
Other	3,400	3,434	3,468	3,503	3,538	3,573
TOTAL SUBSIDY	\$ 914,564	\$ 949,736	\$ 968,761	\$ 1,009,069	\$ 1,050,699	\$ 1,073,841
SURPLUS/(DEFICIT)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



8. Annual Service Plan Overview

The Fiscal Year 2018 Annual Service Plan describes service proposals suggested by the general public, government agencies, elected officials and Authority staff, and presents the technical and financial analysis to determine whether the proposals merit implementation. The Plan includes items for two operating divisions – City Transit and Suburban Transit. There are no proposals for the Regional Rail Division.

Listed below are the projects presented at public hearings for the SEPTA FY 2018 Annual Service Plan:

City Transit Operations

- Boulevard Direct Bus – New limited-stop service along the Roosevelt Boulevard with elements of Bus Rapid Transit operating between Frankford Transportation Center and Neshaminy Mall.
- Route 49 – New north-south bus route from Brewerytown and Fairmount to Grays Ferry via University City.

Suburban Transit Operations

- Route 132 – A route diversion along the border of Montgomery and Bucks Counties providing service to a retail and health service corridor in Hilltown Township, east of Souderton Borough.

Proposed Amendments to SEPTA Service Standards and Process

- None were proposed.

Board Adoption

The SEPTA Board adopted the Boulevard Direct and Route 132 proposals for implementation. The Route 49 proposal was deferred for further staff study as a result of comments received during the public hearing process. A revised routing will be presented for public review later during Fiscal Year 2018 along with Board consideration of the revised routing.

The Fiscal Year 2018 Annual Service Plan does not include any major reductions in service levels or significant diminishment of transit service.



8. Revenue Assumptions By Category

SEPTA receives revenue from several different sources. These can generally be categorized as revenues derived from operations and those obtained from government grants. Government operating assistance grants are classified as Operating Subsidy and discussed in the Operating Subsidy Section of this document. Operating Revenue is comprised of four major elements: passenger revenue, shared ride, investment income, and other income.

Passenger Revenue

The Fiscal Year 2018 Operating Budget for passenger revenue is \$475.2 million and includes a scheduled fare increase effective July 1, 2017. The passenger revenue budget is \$33.8 million or 7.7% higher than the FY 2017 actual results.

Shared Ride Program

SEPTA assumed responsibility for the operation of the state funded Shared Ride Program in the City of Philadelphia during Fiscal Year 1993. This year, revenue is budgeted at \$18.5 million or 7.5% higher than the FY 2017 actual results due to the fare increase effective July 1, 2017. The program is funded through the State Lottery, funds from the Philadelphia Corporation for the Aging, and Shared Ride fares. In Fiscal Year 2018, the Authority projects a total of 670,000 Shared Ride trips.

Other Income

Other revenue includes real estate rental income, parking lot fees, advertising income, income from the sale of scrap material, and fuel tax rebates. Total projected revenue for this category is \$36.1 million.

Investment Income

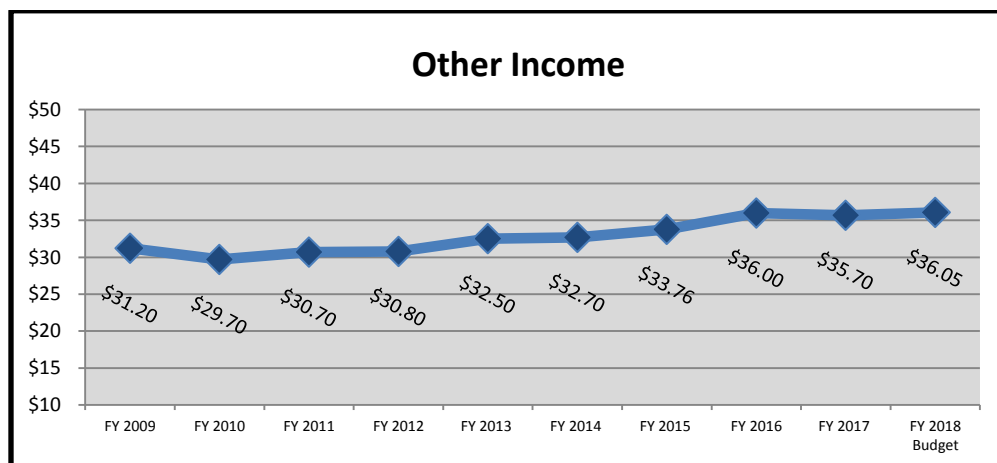
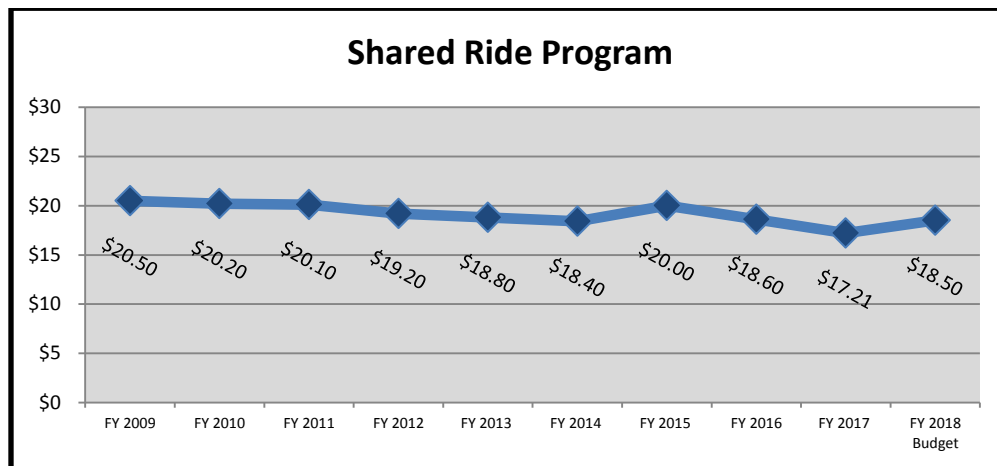
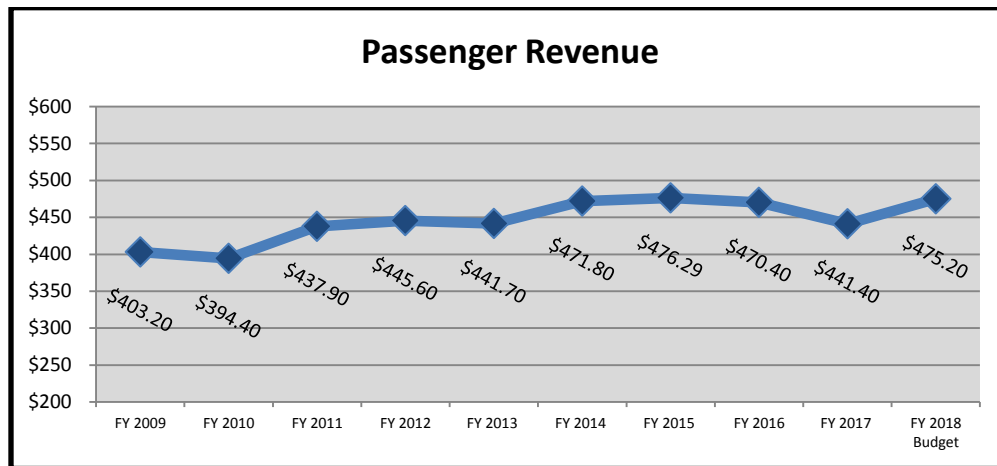
Investment income is budgeted at \$1.6 million for Fiscal Year 2018. Investment income results are correlated directly to financial market conditions.



8. Ten Year Revenue Trends

The Authority analyzes a number of factors that affect the Operating Revenue budget. This includes an examination of national, state, and local demographic, economic, travel, and development trends. In addition, SEPTA evaluates current and projected service levels and other factors affecting ridership and revenue levels. Finally, the Authority considers historical trends in major revenue categories, as illustrated in the following charts:

Amounts in Millions

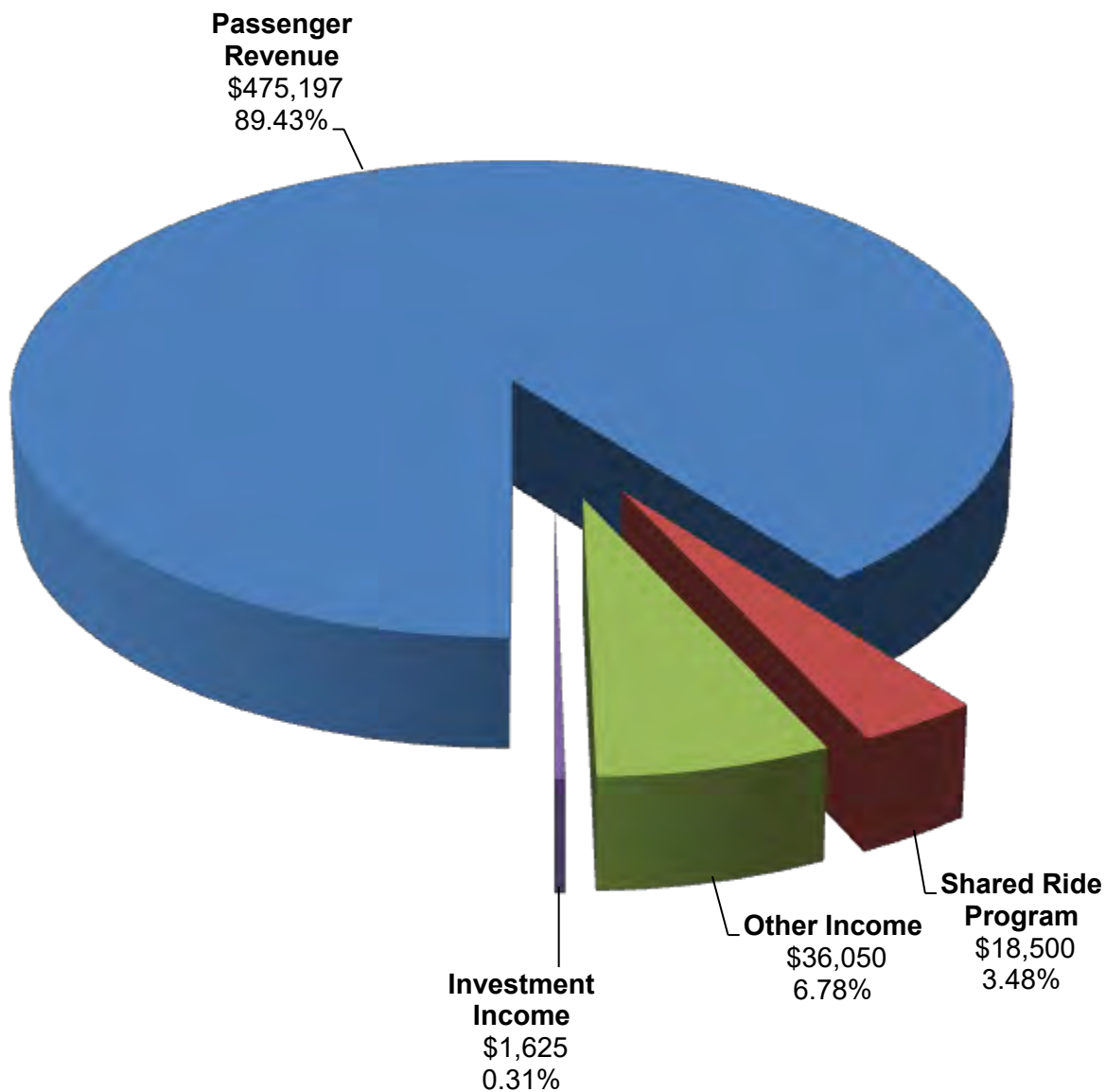


8. Summary of Operating Revenue



TOTAL OPERATING REVENUE = \$531,372

In Thousands





9. Subsidy Allocation & Detail

Introduction

Total subsidies in the Fiscal Year 2018 Operating Budget represent \$914.6 million and include the following categories: Federal, State, Local, and Other.

Assumptions

Federal

The Federal Government's role in providing operating assistance has steadily declined. In Fiscal Year 1980, Federal Subsidy covered 18.8% of SEPTA's operating expenses. For Fiscal Year 2018, the total Federal Subsidy of \$82.3 million covers only 5.7% of the total budgeted operating expense. The source of this subsidy is Federal Preventive Maintenance funds in the amount of \$36.8 million, Federal Capital Lease Subsidy in the amount of \$37.6 million, and Federal Capital Debt Service Subsidy of \$7.9 million.

State

On July 18, 2007, Act 44 of 2007 was signed into law by former Pennsylvania Governor Ed Rendell, and was intended to provide a long term funding solution for public transportation agencies throughout the Commonwealth of Pennsylvania. This legislation created the Pennsylvania Public Transportation Trust Fund (PTTF) which provides SEPTA and public transportation providers throughout the Commonwealth with dedicated annual funding for operating expenses. The Trust Fund is funded by 4.4% of state sales tax receipts and the proceeds from bonds issued by the Pennsylvania Turnpike Commission.

In November of 2013, the State Legislature passed Act 89. This significantly increased funding for SEPTA's Capital Program, allowing SEPTA to address its backlog of unfunded capital projects.

SEPTA and other Pennsylvania transit agencies are allocated state funds as determined by the following formula:

State Allocation Formula

Allocation Category	Allocation Percent
Number of Passengers	25%
Number of Senior Citizen Passengers	10%
Revenue Vehicle Hours	35%
Revenue Vehicle Miles	30%
Total	100%

Operating assistance is provided through Section 1513 of the Trust Fund. In addition, the Commonwealth of Pennsylvania provides state funds for capital lease costs and debt service. SEPTA's debt service expenses and some lease costs are funded through the Capital Program of the Pennsylvania Public Transportation Trust Fund. The remaining leases are funded through Federal Capital Lease Subsidy and Federal Capital Debt Service Subsidy.



9. Subsidy Allocation & Detail

Local

The local operating subsidy amount is budgeted at the level of 15% of the operating assistance portion (Section 1513) of the Trust Fund grant. This is a requirement for SEPTA to receive its full allocation from this state grant. The local subsidy requirement for each of SEPTA's funded divisions (City Transit, Victory, Frontier, and Regional Rail) is determined by the relative deficits before subsidy in each division as adjusted for Route Guarantees and Lease and Debt Service payments.

Within each funded division, the percentage of the local subsidy required from each county is shown in the table below:

Local Operating Subsidy by County				
	City <u>Transit</u>	<u>Victory</u>	<u>Frontier</u>	Regional <u>Rail</u>
Bucks	0.27%	0.00%	37.00%	5.90%
Chester	0.00%	2.00%	17.00%	4.30%
Delaware	0.00%	86.00%	0.00%	8.80%
Montgomery	0.25%	12.00%	46.00%	11.00%
Philadelphia	99.48%	0.00%	0.00%	70.00%
Total	100.00%	100.00%	100.00%	100.00%



9. Subsidy Allocation & Detail

The operating budget also makes an allowance within the standard formula, shown on the previous page, to properly accommodate the four county utilization of SEPTA's Suburban Paratransit Service operated from the Victory Division. A usage-based allocation formula has been established within the Victory Division for suburban county ADA service. Each suburban county is billed based on the actual ADA Paratransit service used. The prospective utilization for Fiscal Year 2018 is as follows:

Suburban Paratransit Usage by County	
Bucks	11%
Chester	9%
Delaware	42%
Montgomery	38%
Total	100%

The City of Philadelphia also provides local match for the ADA Paratransit services as part of the City Transit Division match formula.

Route Guarantee

Route Guarantee Subsidies are payments made under separate agreements between SEPTA and various local entities to fully fund the deficits generated by service extensions implemented by specific request. The Fiscal Year 2018 Route Guarantee Subsidy in the City Transit Division includes a University City partnership between Penn Health Systems, the University of the Sciences, and Children's Hospital, which continues the "LUCY" (Loop through University City) circulator.

In the Frontier Division, the Bucks County Transit Improvement Project (TIP) was implemented in Fiscal Year 2001. It represented the restructuring of six routes with funding provided through a separate agreement with the county. Routes 127, 128, 129, and 130 are guaranteed under this agreement.

An agreement with the Delaware Transit Corporation provides for regional rail service to Wilmington and Newark, Delaware as an extension of the Wilmington/Newark Line.



9. Service Stabilization Fund

Prior to passage of Act 44 in July 2007, former Pennsylvania Governor Ed Rendell established the Transportation Funding and Reform Commission. The Commission identified future operating and capital funding needs for highways and transit. Act 44 represented a major milestone for transit funding in the Commonwealth of Pennsylvania. The intent of this legislation was to create a long term funding source which was stable, predictable, and with growth potential.

Until Act 44 passed, the majority of state operating subsidies were subject to the annual budget appropriations process. During the decade prior to Act 44, growth in operating subsidies was very limited. SEPTA, along with all public transit agencies in the Commonwealth, experienced very difficult challenges in balancing their operating budgets. In a number of years, SEPTA proposed significant fare increases and severe service reductions as initial measures to balance the Authority's budget. These drastic measures were frequently diffused by eleventh hour, one-time actions.

The Act 44 and Act 89 funding programs are intended to provide a long-term funding solution. It is critically important for SEPTA to be prudent with the use of these subsidy funds to ensure that this objective is achieved. The Service Stabilization Fund is necessary to: 1) ensure long-term fiscal stability for SEPTA's operating budget; 2) prevent a future budget crisis; and 3) maintain service levels. Based on future projected growth in state funding and the projected growth in SEPTA's operating expenses and revenues, there will be fiscal years in which the growth in expenses will exceed the growth in state funding. In those years, the Service Stabilization Fund will be used to balance the operating budget avoiding substantial fare increases and/or service cuts.



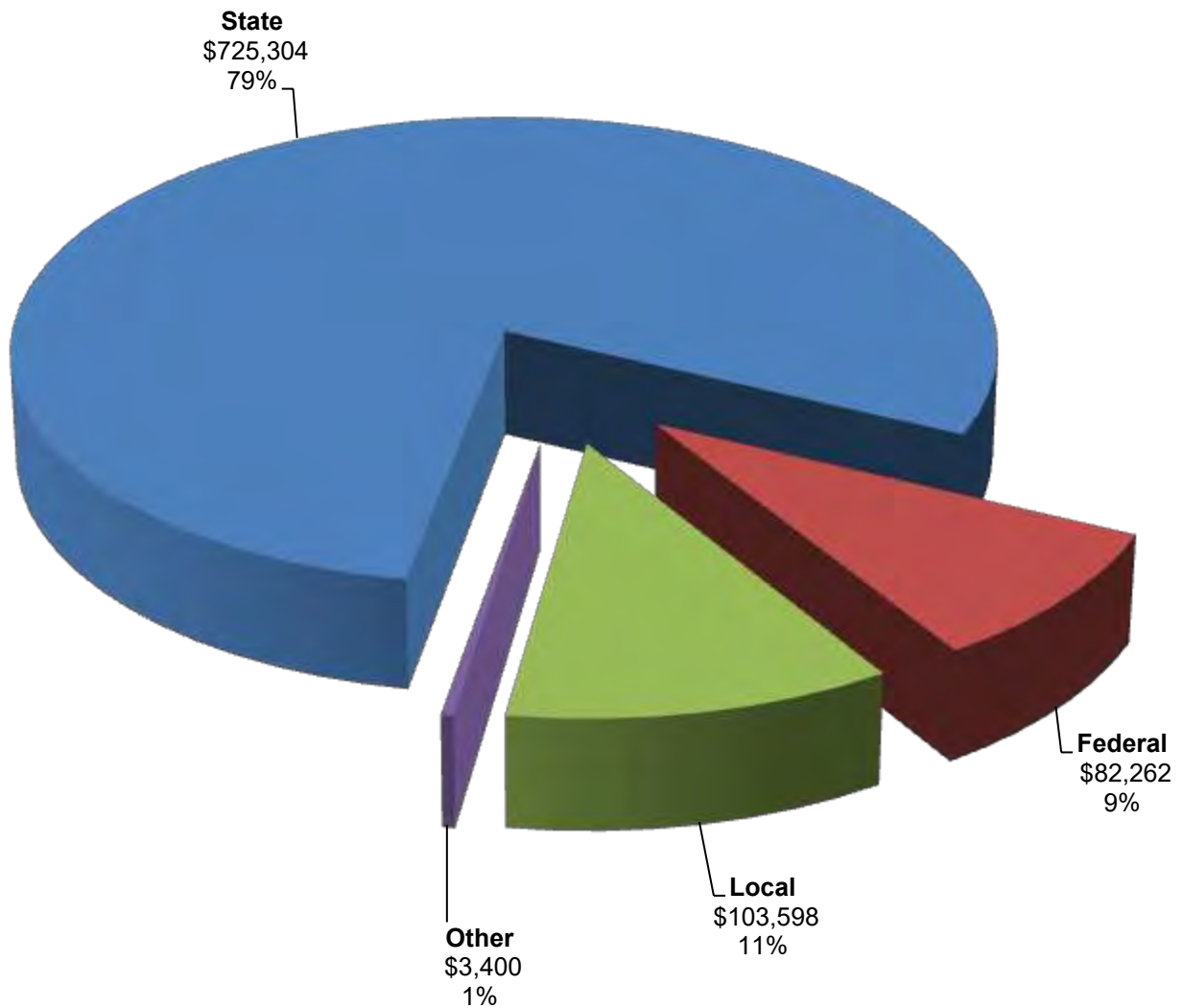
9. Detail of Subsidies

	Amounts in thousands ('000)				
	City Transit	Victory	Frontier	Regional Rail	Total SEPTA
Federal					
Preventive Maintenance	\$ 26,095	\$ 3,312	\$ 1,205	\$ 6,188	\$ 36,800
Capital Lease Subsidy	-	-	-	37,600	37,600
Debt Service Subsidy	<u>1,070</u>	<u>35</u>	<u>10</u>	<u>6,747</u>	<u>7,862</u>
Subtotal Federal	\$ 27,165	\$ 3,347	\$ 1,215	\$ 50,535	\$ 82,262
State					
Operating Subsidy - (Section 1513)	\$ 479,921	\$ 62,669	\$ 21,979	\$ 115,880	\$ 680,449
Lease Cost Subsidy - (Section 1514)	928	83	28	206	1,245
Debt Service Subsidy - (Section 1514)	25,882	26	-	6,703	32,611
Match - Capital Lease Subsidy - (Section 1514)	-	-	-	9,097	9,097
Match - Capital Debt Service Subsidy- (Section 1514)	<u>260</u>	<u>9</u>	<u>2</u>	<u>1,631</u>	<u>1,902</u>
Subtotal State	\$ 506,991	\$ 62,787	\$ 22,009	\$ 133,517	\$ 725,304
Local	\$ 72,919	\$ 9,404	\$ 3,298	\$ 17,977	\$ 103,598
(Please see subsequent pages for Detail by County)					
Other - Route Guarantees	\$ <u>1,270</u>	\$ <u>-</u>	\$ <u>630</u>	\$ <u>1,500</u>	\$ <u>3,400</u>
TOTAL SUBSIDY	\$ <u>608,345</u>	\$ <u>75,538</u>	\$ <u>27,152</u>	\$ <u>203,529</u>	\$ <u>914,564</u>

9. Detail of Subsidies



TOTAL SUBSIDIES = \$914,564
In Thousands





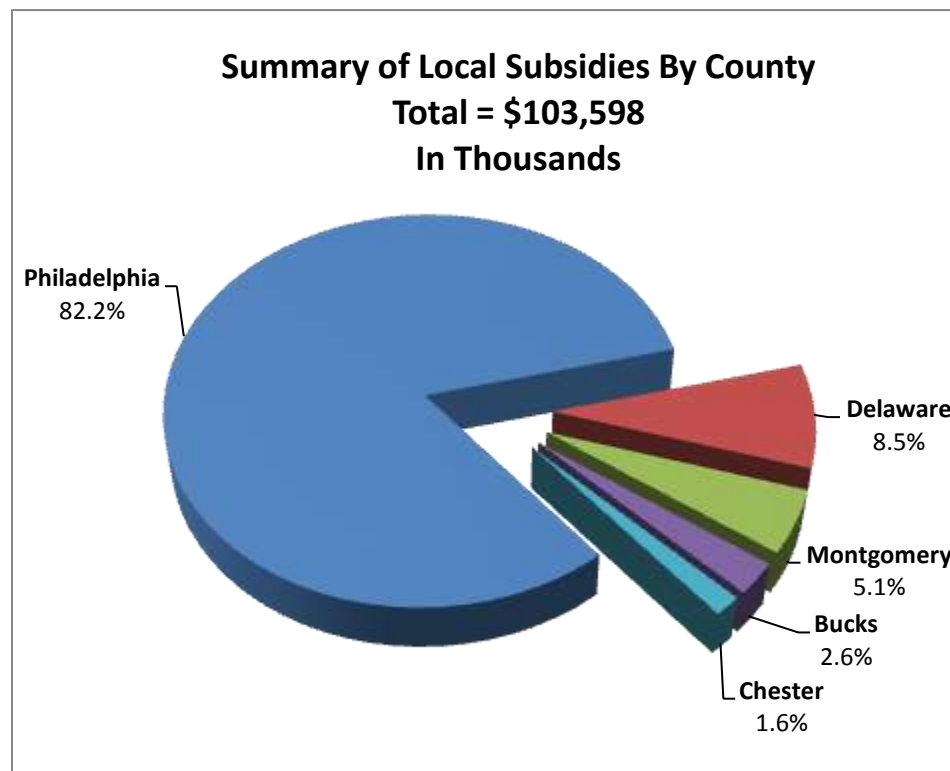
9. Detail of Local Subsidies & Other

Amounts in thousands ('000)	City Transit	Victory	Frontier	Regional Rail	Total SEPTA
Base PA Trust Fund Local Match					
Bucks	\$ 194	\$ -	\$ 1,220	\$ 1,025	\$ 2,439
Chester	-	149	560	747	1,456
Delaware	-	6,349	-	1,530	7,879
Montgomery	180	886	1,517	1,912	4,495
Philadelphia	71,613	-	-	12,169	83,782
Subtotal	\$ 71,987	\$ 7,384	\$ 3,297	\$ 17,383	\$ 100,051
Suburban Paratransit Local Match					
Bucks	\$ -	\$ 222	\$ -	\$ -	\$ 222
Chester	-	181	-	-	181
Delaware	-	847	-	-	847
Montgomery	-	766	-	-	766
Philadelphia	-	-	-	-	-
Subtotal	\$ -	\$ 2,016	\$ -	\$ -	\$ 2,016
Total Trust Fund Local Subsidy					
Bucks	\$ 194	\$ 222	\$ 1,220	\$ 1,025	\$ 2,661
Chester	-	330	560	747	1,637
Delaware	-	7,196	-	1,530	8,726
Montgomery	180	1,652	1,517	1,912	5,261
Philadelphia	71,613	-	-	12,169	83,782
Total Trust Fund Local Subsidy	\$ 71,987	\$ 9,400	\$ 3,297	\$ 17,383	\$ 102,067
Local Debt Service Subsidy					
Bucks	\$ 2	\$ -	\$ -	\$ 17	\$ 19
Chester	-	-	-	12	12
Delaware	-	1	-	25	26
Montgomery	2	-	-	31	33
Philadelphia	897	-	-	199	1,096
Subtotal	\$ 901	\$ 1	\$ -	\$ 284	\$ 1,186
Local Lease Cost Subsidy					
Bucks	\$ -	\$ -	\$ -	\$ 18	\$ 18
Chester	-	-	-	13	13
Delaware	-	3	-	27	30
Montgomery	-	-	1	34	35
Philadelphia	31	-	-	218	249
Subtotal	\$ 31	\$ 3	\$ 1	\$ 310	\$ 345
Total Debt Service and Lease Subsidy	\$ 932	\$ 4	\$ 1	\$ 594	\$ 1,531
Total Local Subsidy Required	\$ 72,919	\$ 9,404	\$ 3,298	\$ 17,977	\$ 103,598
Total Other Route Guarantees	\$ 1,270	\$ -	\$ 630	\$ 1,500	\$ 3,400



9. Summary of Local Subsidies

<u>Amounts in thousands ('000)</u>	<u>City Transit</u>	<u>Victory</u>	<u>Frontier</u>	<u>Regional Rail</u>	<u>Total SEPTA</u>
Total Local Subsidy					
Bucks	\$ 196	\$ 222	\$ 1,220	\$ 1,060	\$ 2,698
Chester	-	330	560	772	1,662
Delaware	-	7,200	-	1,582	8,782
Montgomery	182	1,652	1,518	1,977	5,329
Philadelphia	72,541	-	-	12,586	85,127
Total Local Subsidy	\$ 72,919	\$ 9,404	\$ 3,298	\$ 17,977	\$ 103,598



The total local subsidy required for the Fiscal 2018 Operating Budget is comprised of the following:

Total Trust Fund Local Subsidy (15% Match of Section 1513)	\$ 102,067
Debt Service Subsidy Local Match	1,186
Lease Cost Subsidy Local Match	<u>345</u>
Total Local Subsidy Required	<u>\$ 103,598</u>



10. Expense Assumptions By Category

LABOR & FRINGE BENEFITS

Fiscal Year 2017 labor and fringe benefit costs were under budget due to a 6-day City Transit labor strike, a favorable worker's compensation reserve adjustment, and favorable one year results for self-insured employee healthcare. The Fiscal Year 2018 Operating Budget reflects labor wage increases based upon existing negotiated labor agreements and projected employee healthcare, prescription drug, and other benefit costs.

SEPTA's net labor cost includes a credit for labor expense from the operating to the capital budget for costs associated with capital projects.

MATERIAL & SERVICES

Material & Services includes replacement parts for fleet and infrastructure inventory as well as various services including utilities, contract repairs, snow removal, Amtrak trackage rights, and paratransit contract services.

The Fiscal Year 2018 budget increase reflects estimated parts and service usage and slightly higher costs for vehicle replacement parts, third party contract services, revenue collection, and infrastructure repairs.

SEPTA experienced an expense increase for Amtrak trackage access and costs with the implementation of PRIIA (Passenger Rail Investment and Improvement Act of 2008), effective October 2015. Through this Federal Act, Congress mandated that a standardized methodology be developed to allocate costs among Northeast Corridor (NEC) owners and operators that ensure each agency take full financial responsibility for its use of shared NEC infrastructure and related facilities.

INJURY & DAMAGE CLAIMS

Claims expense includes self-insured payouts, insurance premiums, and reserve adjustments. Fiscal year 2017 results included a favorable \$3.7 million reserve adjustment. The Fiscal Year 2018 increase also reflects additional insurance coverage obtained to effectively manage the Authority's risk exposure.

PROPULSION POWER

Revenue vehicle propulsion power expense is calculated based on estimated kilowatt-hour usage and rates. Fiscal Year 2017 propulsion power costs were impacted by lower usage related to the 6-day City Transit strike and mild winter weather. The Fiscal Year 2018 budget assumes normalized usage and a slightly higher rate.



10. Expense Assumptions By Category

FUEL

Fuel expense is based on budgeted miles of revenue vehicle operation, miles per gallon fuel economy, and estimated fuel rates. Fuel usage in Fiscal Year 2017 was less due to the 6-day City Transit strike when bus service did not operate. The Fiscal Year 2018 budget assumes normalized usage and a slightly higher rate.

RENTAL EXPENSE

Rental expense covers all operating lease rentals for fixed facilities and short-term non-revenue vehicle and equipment leases. The decrease in rental expense is primarily due to the temporary leasing of railcars from other agencies in Fiscal Year 2017 due to a defect identified in the Silverliner V railcars, causing their removal from service while repairs were made.

DEPRECIATION

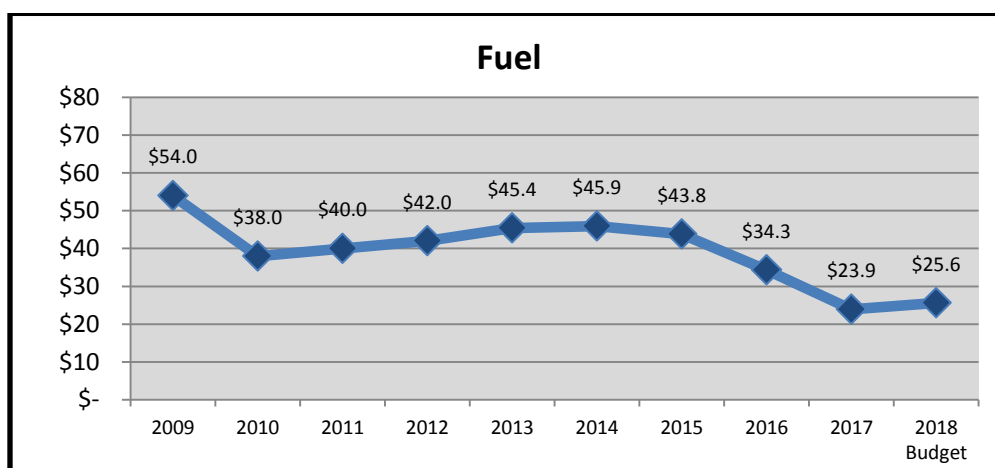
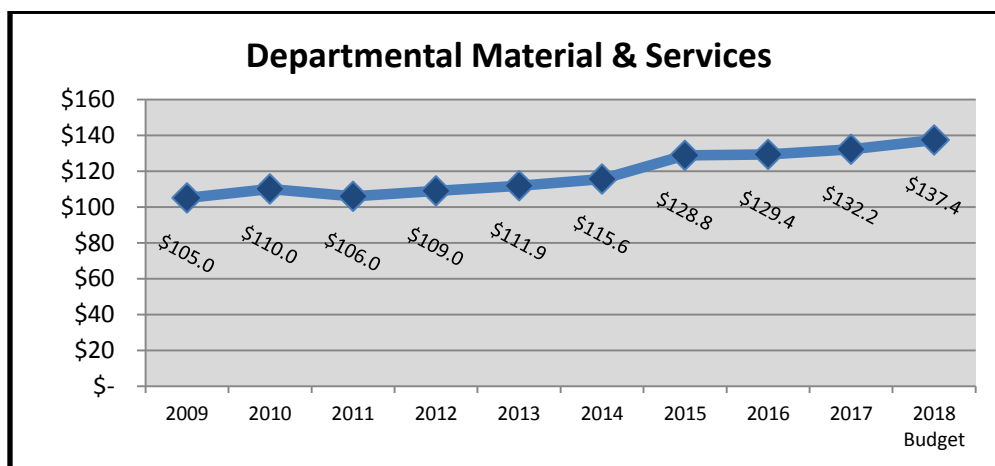
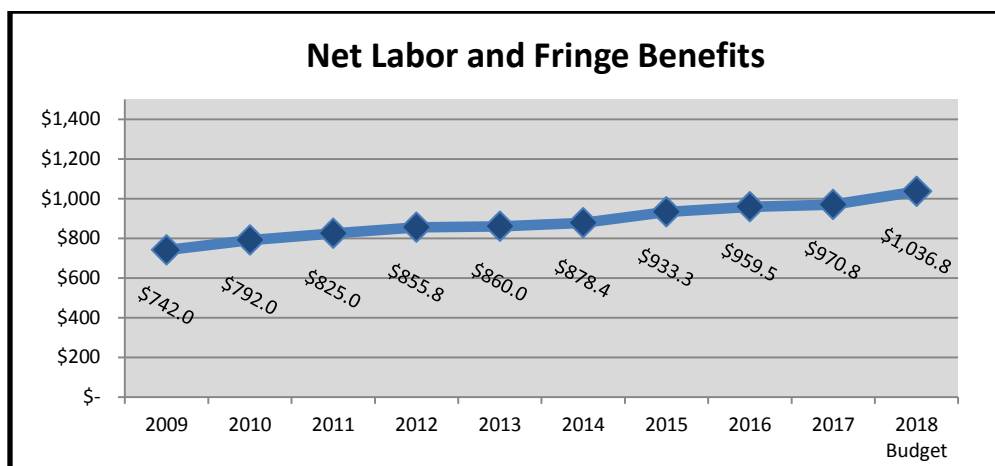
Depreciation expense is the amortization of the cost of the Authority's fixed assets over their estimated useful lives net of the amortization of contributed capital. The net increase in costs reflects capital cost incurred for tenant improvements and energy saving projects, which are expected to be offset by higher rental income and reduced electric costs.



10. Ten Year Expense Trends

In developing the Operating Budget, the Authority considers issues that affect both the individual area of expense, as well as national, state, and local economic conditions. In addition, SEPTA focuses on historical trends in major expense categories, as illustrated in the following charts:

Amounts in Millions

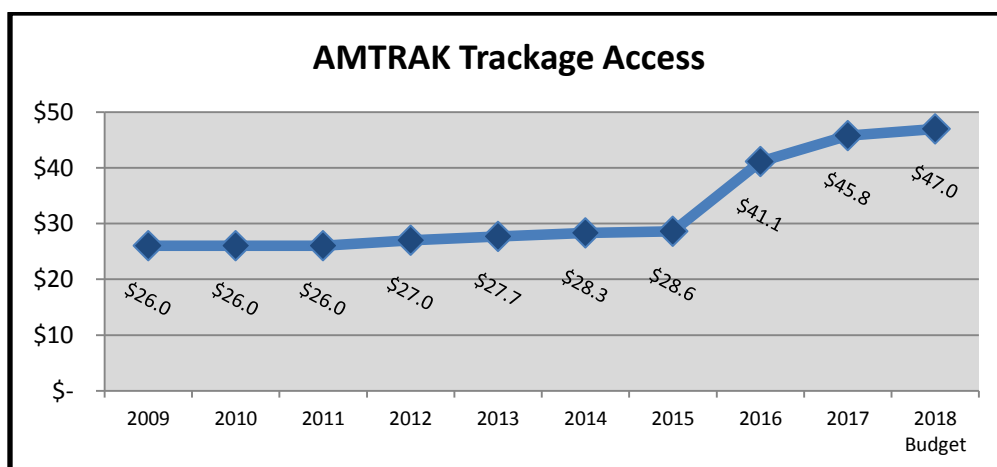
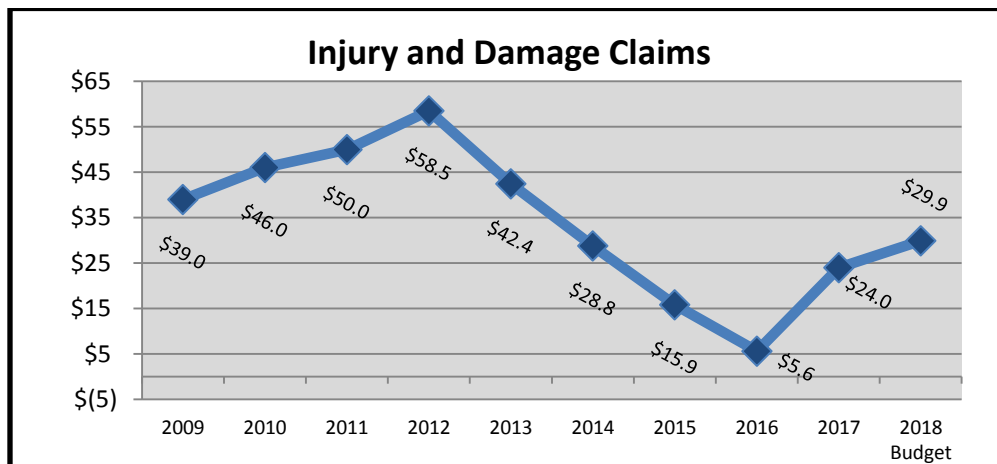
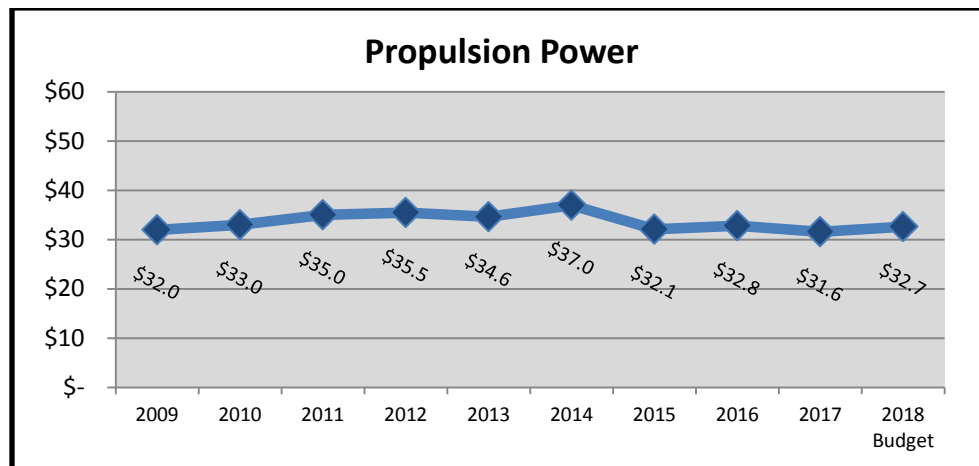


Note: Decrease in recent years is due to lower fuel prices.

10. Ten Year Expense Trends



Amounts in Millions

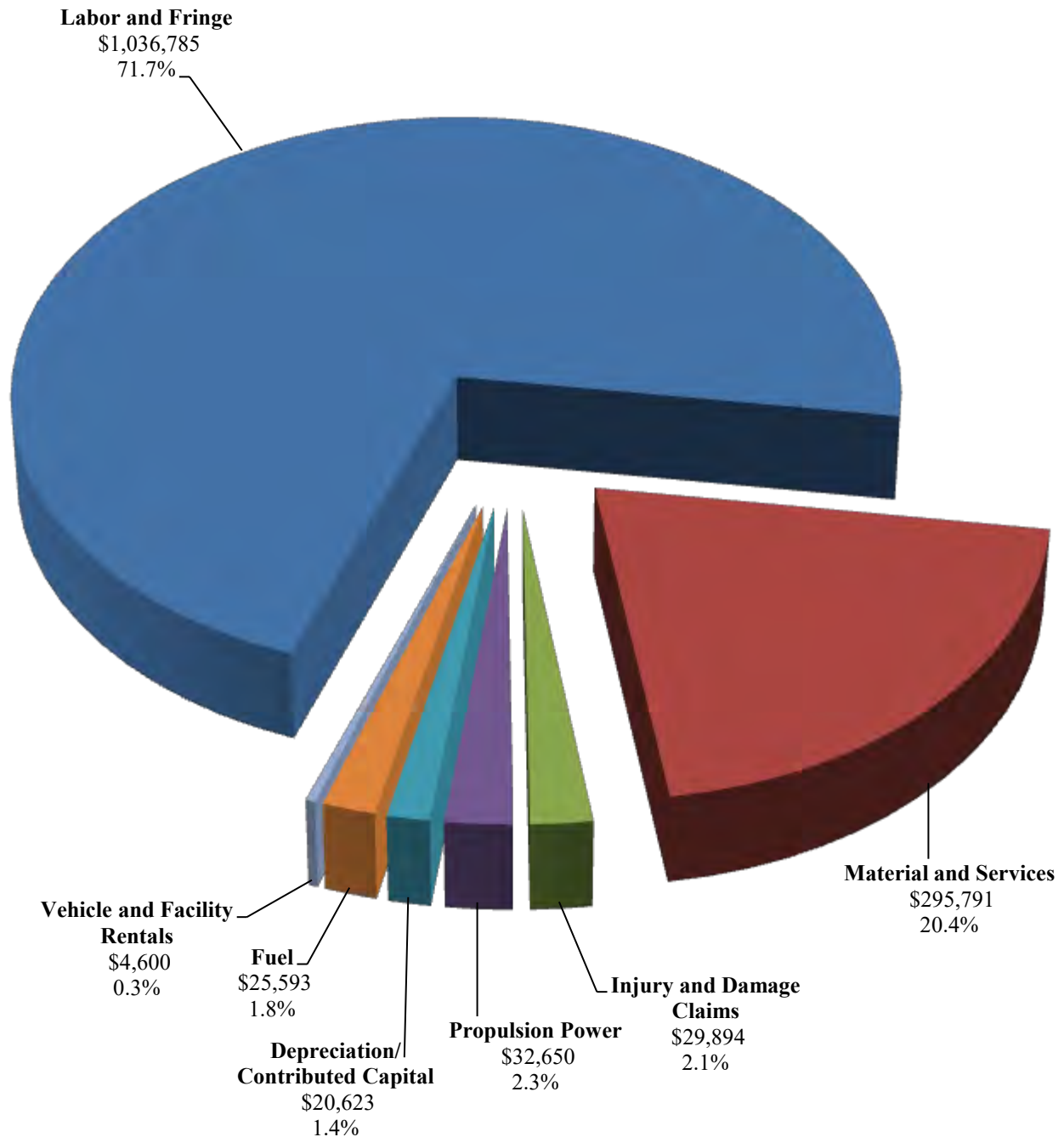


- Note:**
- (1) Injury and Damage Claims have decreased dramatically due to the installation of cameras on vehicles and select stations.
 - (2) AMTRAK expense increase due to implementation of Passenger Railroad Investment and Improvement Act (PRIIA), effective October 2015.

10. Summary of Operating Expenses



TOTAL OPERATING EXPENSES = \$1,445,936
In Thousands





10. FY 2018 Budget Detail of Expenses In 000's

Division/Departmental Expenses	Labor & Fringe	Material & Services	Total
OPERATIONS			
Administration and Finance	\$ 304	\$ 271	\$ 575
Bus Engineering	1,474	2,998	4,472
Rail Engineering	1,393	90	1,483
Control Center	8,648	275	8,923
Customized Community Transportation	8,349	4,153	12,502
Operations Staff	1,194	10	1,204
Rail Transportation-Subway-Elevated	52,962	1,136	54,098
Rail Transportation - Regional Rail	68,775	19,869	88,644
Surface Transportation	213,424	529	213,953
Vehicle Equipment Maintenance	111,196	48,203	159,399
Total Operations	\$ 467,719	\$ 77,534	\$ 545,253
Engineering, Maintenance & Construction			
	\$ 76,870	\$ 26,551	\$ 103,421
Transit Police			
	\$ 20,181	\$ 1,137	\$ 21,318
STAFF DEPARTMENTS			
Audit and Investigative Services	\$ 1,594	\$ 52	\$ 1,646
Corporate Staff	2,834	210	3,044
Communications	1,233	1,112	2,345
Customer Service and Advocacy	5,344	458	5,802
Deputy General Manager/Treasurer Administration	1,402	20	1,422
Employee Development/Relations	9,914	980	10,894
Finance and Planning	11,429	4,922	16,351
Human Resources	4,291	638	4,929
Information Technology	5,869	5,596	11,465
New Payment Technologies/Revenue Operations	11,866	2,116	13,982
Office of Innovation	329	580	909
Office of General Counsel	8,525	13,836	22,361
Procurement, Supply Chain & DBE	9,819	339	10,158
Public and Government Affairs	1,584	4,868	6,452
System Safety	1,959	1,081	3,040
Total Staff Departments	\$ 77,992	\$ 36,808	\$ 114,800
Capital Allocation	(6,278)	(4,600)	(10,878)
Total Departmental Expenses	\$ 636,484	\$ 137,430	\$ 773,914
NON-DEPARTMENTAL EXPENSES			
Fringe Benefits	\$ 400,301	\$ -	\$ 400,301
Amtrak	-	47,000	47,000
CCT - ADA Services	-	32,350	32,350
CCT - Shared Ride Program	-	22,100	22,100
Debt Service Interest and Fees	-	19,922	19,922
Property Insurance/Other Claims Payouts, Net	-	4,028	4,028
Services for Headquarters' Building	-	5,150	5,150
Snow Removal and Other Weather Related Expenses	-	5,850	5,850
Utilities	-	17,978	17,978
Capitalized Costs and Other	-	3,983	3,983
Total Non-Departmental Expenses	\$ 400,301	\$ 158,361	\$ 558,662
OTHER OPERATING EXPENSES			
Injury and Damage Claims	\$ -	\$ 29,894	29,894
Propulsion Power	-	32,650	32,650
Fuel	-	25,593	25,593
Vehicle and Facility Rentals	-	4,600	4,600
Depreciation/Contributed Capital	-	20,623	20,623
Total Other Expenses	\$ -	\$ 113,360	\$ 113,360
TOTAL EXPENSES	\$ 1,036,785	\$ 409,151	\$ 1,445,936



10. FY 2018 Budget Allocation By Company In 000's

Company	1100	2100	2200	2300	3100	Total
OPERATIONS						
Administration and Finance	\$ 575	\$ -	\$ -	\$ -	\$ -	575
Bus Engineering	256	4,216	-	-	-	4,472
Rail Engineering	-	1,473	-	-	10	1,483
Control Center	801	3,487	492	-	4,143	8,923
Customized Community Transportation	9,912	1,229	-	1,361	-	12,502
Operations Staff	1,204	-	-	-	-	1,204
Rail Transportation-Subway-Elevated	51	53,985	-	-	62	54,098
Rail Transportation - Regional Rail	232	75	-	-	88,337	88,644
Surface Transportation	-	172,328	28,623	13,002	-	213,953
Vehicle Equipment Maintenance	8	108,592	11,180	5,366	34,253	159,399
Total Operations	\$ 13,039	\$ 345,385	\$ 40,295	\$ 19,729	\$ 126,805	\$ 545,253
Engineering, Maintenance & Construction	\$ 3,756	\$ 63,837	\$ 5,844	\$ -	\$ 29,984	\$ 103,421
Transit Police	\$ 21,318	\$ -	\$ -	\$ -	\$ -	\$ 21,318
STAFF DEPARTMENTS						
Audit and Investigative Services	\$ 1,646	\$ -	\$ -	\$ -	\$ -	1,646
Corporate Staff	2,797	90	-	-	157	3,044
Communications	2,065	150	-	-	130	2,345
Customer Service and Advocacy	5,800	-	-	-	2	5,802
Deputy General Manager Staff	1,422	-	-	-	-	1,422
Employee Development/Relations	4,554	3,440	425	133	2,342	10,894
Finance and Planning	15,393	502	-	-	456	16,351
Human Resources	4,929	-	-	-	-	4,929
Information Technology	11,465	-	-	-	-	11,465
New Payment Technology/Integration	13,976	6	-	-	-	13,982
Office of Innovation	909	-	-	-	-	909
Office of General Counsel	14,115	4,832	145	198	3,071	22,361
Procurement, Supply Chain & DBE	8,745	355	-	-	1,058	10,158
Public and Government Affairs	6,452	-	-	-	-	6,452
System Safety	3,040	-	-	-	-	3,040
Total Staff Departments	\$ 97,308	\$ 9,375	\$ 570	\$ 331	\$ 7,216	\$ 114,800
Capital Allocation	(8,620)	(1,420)	-	-	(838)	(10,878)
Headquarters Allocation	(126,801)	94,581	8,420	2,802	20,998	-
Total Departmental Expenses	\$ -	\$ 511,758	\$ 55,129	\$ 22,862	\$ 184,165	\$ 773,914
NON-DEPARTMENTAL EXPENSES						
Fringe Benefits	\$ 58,068	\$ 241,523	\$ 22,806	\$ 7,136	\$ 70,768	400,301
Amtrak	-	-	-	-	47,000	47,000
CCT - ADA Services	-	21,150	11,200	-	-	32,350
CCT - Shared Ride Program	-	22,100	-	-	-	22,100
Debt Service Interest and Fees	-	9,805	124	35	9,958	19,922
Property Insurance/Other Claims Payouts,Net	605	2,229	123	226	845	4,028
Services for Headquarters' Building	5,150	-	-	-	-	5,150
Snow Removal and Other Weather Related Expenses	-	-	-	-	5,850	5,850
Utilities	4,522	7,979	645	156	4,676	17,978
Capitalized Costs and Other	(2,057)	4,957	(22)	(7)	1,112	3,983
Headquarters Allocation	(66,288)	49,444	4,402	1,465	10,977	-
Total Non-Departmental Expenses	\$ -	\$ 359,187	\$ 39,278	\$ 9,011	\$ 151,186	\$ 558,662
OTHER OPERATING EXPENSES						
Injury and Damage Claims	-	\$ 22,702	\$ 1,070	\$ 522	\$ 5,600	29,894
Propulsion Power	-	11,975	1,225	-	19,450	32,650
Fuel	-	19,654	3,293	2,151	495	25,593
Vehicle and Facility Rentals	-	3,168	156	52	1,224	4,600
Depreciation/Contributed Capital	-	14,281	221	53	6,068	20,623
Total Other Expenses	\$ -	\$ 71,780	\$ 5,965	\$ 2,778	\$ 32,837	\$ 113,360
TOTAL EXPENSES	\$ -	\$ 942,725	\$ 100,372	\$ 34,651	\$ 368,188	\$ 1,445,936



10. FY 2017 Detail of Actual Expenses In 000's

Division/Departmental Expenses	Labor & Fringe	Material & Services	Total
OPERATIONS			
Administration and Finance	\$ 217	\$ 135	\$ 352
Bus Engineering	1,150	2,774	3,924
Rail Engineering	1,817	49	1,866
Control Center	8,235	133	8,368
Customized Community Transportation	7,794	3,666	11,460
Operations Staff	1,612	25	1,637
Rail Transportation-Subway-Elevated	51,661	899	52,560
Rail Transportation - Regional Rail	67,984	21,048	89,032
Surface Transportation	204,023	486	204,509
Vehicle Equipment Maintenance	112,569	50,118	162,687
Total Operations	\$ 457,062	\$ 79,333	\$ 536,395
Engineering, Maintenance & Construction	\$ 75,067	\$ 28,963	\$ 104,030
Transit Police	\$ 19,779	\$ 755	\$ 20,534
STAFF DEPARTMENTS			
Audit and Investigative Services	\$ 1,320	\$ 28	\$ 1,348
Corporate Staff	2,379	153	2,532
Communications	957	829	1,786
Customer Service and Advocacy	5,170	225	5,395
Deputy General Manager/Treasurer Administration	1,395	2	1,397
Employee Development/Relations	8,756	721	9,477
Finance and Planning	10,580	2,523	13,103
Human Resources	4,462	699	5,161
Information Technology	5,378	4,991	10,369
New Payment Technologies/Revenue Operations	10,758	1,459	12,217
Office of Innovation	354	214	568
Office of General Counsel	8,188	16,548	24,736
Procurement, Supply Chain & DBE	9,170	410	9,580
Public and Government Affairs	1,356	3,460	4,816
System Safety	1,728	737	2,465
Total Staff Departments	\$ 71,951	\$ 32,999	\$ 104,950
Capital Allocation	(6,799)	(9,901)	(16,700)
Total Departmental Expenses	\$ 617,060	\$ 132,149	\$ 749,209
NON-DEPARTMENTAL EXPENSES			
Fringe Benefits	\$ 353,777	\$ -	\$ 353,777
Amtrak	-	45,751	45,751
CCT - ADA Services	-	31,258	31,258
CCT - Shared Ride Program	-	22,182	22,182
Debt Service Interest and Fees	-	19,231	19,231
Property Insurance/Other Claims Payouts, Net	-	2,614	2,614
Services for Headquarters' Building	-	4,713	4,713
Snow Removal and Other Weather Related Expenses	-	1,773	1,773
Utilities	-	16,258	16,258
Capitalized Cost and Other	-	(2,759)	(2,759)
Total Non-Departmental Expenses	\$ 353,777	\$ 141,021	\$ 494,798
OTHER OPERATING EXPENSES			
Injury and Damage Claims	\$ -	\$ 24,017	24,017
Propulsion Power	-	31,567	31,567
Fuel	-	23,937	23,937
Vehicle and Facility Rentals	-	9,901	9,901
Depreciation/Contributed Capital	-	19,644	19,644
Total Other Expenses	\$ -	\$ 109,066	\$ 109,066
TOTAL EXPENSES	\$ 970,837	\$ 382,236	\$ 1,353,073



10. FY 2016 Detail of Actual Expenses In 000's

Division/Departmental Expenses	Labor & Fringe	Material & Services	Total
OPERATIONS/ENGINEERING, MAINTENANCE & CONSTRUCTION			
Administration and Finance	\$ 239	\$ 469	\$ 708
Communications	1,098	884	1,982
Deputy General Manager Staff	1,300	56	1,356
Labor Relations	1,098	140	1,238
New Payment Technologies	81	2	83
Planning, Project Coordination & Safety	79	-	79
Total DGM Departments	\$ 3,895	\$ 1,551	\$ 5,446
OPERATIONS			
Bus Engineering	\$ 1,171	\$ 3,545	\$ 4,716
Rail Engineering	1,067	64	1,131
Bus Vehicle Maintenance	52,274	26,374	78,648
Rail Vehicle Maintenance	59,010	20,071	79,081
Control Center	8,250	249	8,499
Customized Community Transportation	7,598	2,878	10,476
Operations Staff	1,539	10	1,549
Rail Transportation-Subway/Elevated	62,143	2,374	64,517
Rail Transportation- Regional Rail	63,126	16,800	79,926
Surface Transportation	203,716	416	204,132
Transit Police	19,934	901	20,835
Total Operations	\$ 479,828	\$ 73,682	\$ 553,510
Capital Projects	1,663	3,716	5,379
Operations Support	72,025	25,440	97,465
Total Engineering, Maintenance & Construction	\$ 73,688	\$ 29,156	\$ 102,844
Total Operations/Engineering, Maintenance & Construction	\$ 557,411	\$ 104,389	\$ 661,800
STAFF DEPARTMENTS			
Corporate Staff	\$ 2,744	\$ 126	\$ 2,870
Audit and Investigative Services	1,387	42	1,429
Procurement, Supply Chain & DBE	9,409	359	9,768
Information Technology	5,023	4,826	9,849
Customer Service and Advocacy	4,919	425	5,344
Finance and Planning	11,145	2,296	13,441
Human Resources	12,368	1,029	13,397
Office of Innovation	126	43	169
Office of General Counsel	7,769	16,644	24,413
Public and Government Affairs	1,370	3,244	4,614
System Safety	1,615	501	2,116
Total Staff Departments	\$ 57,875	\$ 29,535	\$ 87,410
Capital Allocation/Other	(6,545)	(4,504)	(11,049)
Total Departmental Expenses	\$ 608,741	\$ 129,420	\$ 738,161
NON-DEPARTMENTAL EXPENSES			
Fringe Benefits	\$ 350,761	\$ -	\$ 350,761
Amtrak/Capitalized Cost and Other	-	43,222	43,222
CCT - ADA Services	-	27,777	27,777
CCT - Shared Ride Program	-	20,151	20,151
Debt Service Interest and Fees	-	18,297	18,297
Property Insurance/Other Claims Payouts, Net	-	849	849
Services for Headquarters' Building	-	4,191	4,191
Snow Removal	-	1,899	1,899
Utilities	\$ -	\$ 17,529	\$ 17,529
Total Non-Departmental Expenses	\$ 350,761	\$ 133,915	\$ 484,676
OTHER OPERATING EXPENSES			
Injury and Damage Claims	\$ -	\$ 5,636	\$ 5,636
Propulsion Power	-	32,804	32,804
Fuel	-	34,336	34,336
Vehicle and Facility Rentals	-	4,504	4,504
Depreciation/Contributed Capital	-	18,459	18,459
Total Other Expenses	\$ -	\$ 95,739	\$ 95,739
TOTAL EXPENSES	\$ 959,502	\$ 359,074	\$ 1,318,576



11. Headcount Authorizations

HEADCOUNT DESIGNATIONS

Organization Overview

The organization, staffing, and expenses are shown for each division in the Departmental Summaries Section, including subtotals by department. Total headcount is further segregated by Operating versus Capital. The following definitions shall apply throughout this section:

Mgmt.....	Supervisory, administrative, and management employees.
Clerical	Unionized clerical and storeroom employees.
Maintenance, Transportation, or Cashiers	Unionized maintenance and transportation employees, cashiers, and police officers.
Capital.....	Positions supported by Federal, State, or Local capital funding initiatives.

HEADCOUNT AUTHORIZATION CAUSE OF CHANGE SUMMARY

The Fiscal Year 2018 authorized headcount is at 9,653 employees and reflects no increase from the Fiscal Year 2017 level. In the interest of operational efficiencies, effectiveness, and expense consolidation, the following divisional areas have been realigned or rebalanced:

EMPLOYEE DEVELOPMENT/RELATIONS

Employee retirements and the need for continuing technological training has impacted the functions of SEPTA's Human Resources Division. As a result, a new division, Employee Development/Relations, has been created to focus efforts on employee training, testing, personnel development, and employee relations.

TRANSIT POLICE

In light of increased concern for quality of travel and security issues for our ridership, SEPTA's Transit Police Department has been assigned directly to the General Manager's Staff.

DEPUTY GENERAL MANAGER/TREASURER ADMINISTRATION

The Deputy General Manager currently serves as the management lead for the SEPTA Key fare program. To enhance the full implementation of the program to transit, Regional Rail, and CCT, the New Payment Technology Staff Department and Revenue Operations will report to his organization.

11. Fiscal Year 2018 Headcount Authorization



Fiscal Year 2018						
Operating Heads	Mgmt.	Clerical	Maint.	Transp.	Cashiers	Total
Audit & Investigative Services	16	-	4	-	-	20
Corporate Staff	18	-	-	-	-	18
Communications	10	5	3	-	-	18
Customer Service & Advocacy	23	61	-	-	-	84
Deputy General Manager/Treasurer Admin.	9	-	-	-	-	9
Employee Development/Relations	117	-	5	-	-	122
Finance & Planning	114	56	-	-	-	170
Human Resources	36	17	-	-	-	53
Information Technology	66	5	-	-	-	71
New Payment Technologies/Revenue Operations	93	47	48	-	-	188
Office of Innovation	5	-	-	-	-	5
Office of General Counsel	94	23	-	-	-	117
Operations	759	125	1,712	3,508	338	6,442
Engineering, Maintenance & Construction	192	69	804	-	-	1,065
Transit Police	61	-	212	-	-	273
Procurement, Supply Chain & DBE	85	59	3	-	-	147
Public & Government Affairs	21	-	-	-	-	21
System Safety	24	-	-	-	-	24
Total Operating Heads	1,743	467	2,791	3,508	338	8,847

Fiscal Year 2018						
Capital Heads	Mgmt.	Clerical	Maint.	Transp.	Cashiers	Total
Audit & Investigative Services	-	-	-	-	-	-
Corporate Staff	2	-	-	-	-	2
Communications	-	-	-	-	-	-
Customer Service & Advocacy	-	-	-	-	-	-
Deputy General Manager/Treasurer Admin.	1	-	-	-	-	1
Employee Development/Relations	-	-	-	-	-	-
Finance & Planning	6	-	-	-	-	6
Human Resources	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-
New Payment Technologies/Revenue Operations	11	-	-	-	-	11
Office of Innovation	-	-	-	-	-	-
Office of General Counsel	-	-	-	-	-	-
Operations	63	4	223	17	-	307
Engineering, Maintenance & Construction	155	7	299	-	-	461
Transit Police	-	-	-	-	-	-
Procurement, Supply Chain & DBE	13	2	-	-	-	15
Public & Government Affairs	-	-	-	-	-	-
System Safety	3	-	-	-	-	3
Total Capital Heads	254	13	522	17	-	806

11. Fiscal Year 2018 Headcount Authorization



Fiscal Year 2018						
Total Heads	Mgmt.	Clerical	Maint.	Transp.	Cashiers	Total
Audit & Investigative Services	16	-	4	-	-	20
Corporate Staff	20	-	-	-	-	20
Communications	10	5	3	-	-	18
Customer Service & Advocacy	23	61	-	-	-	84
Deputy General Manager/Treasurer Admin.	10	-	-	-	-	10
Employee Development/Relations	117	-	5	-	-	122
Finance & Planning	120	56	-	-	-	176
Human Resources	36	17	-	-	-	53
Information Technology	66	5	-	-	-	71
New Payment Technologies/Revenue Operations	104	47	48	-	-	199
Office of Innovation	5	-	-	-	-	5
Office of General Counsel	94	23	-	-	-	117
Operations	822	129	1,935	3,525	338	6,749
Engineering, Maintenance & Construction	347	76	1,103	-	-	1,526
Transit Police	61	-	212	-	-	273
Procurement, Supply Chain & DBE	98	61	3	-	-	162
Public & Government Affairs	21	-	-	-	-	21
System Safety	27	-	-	-	-	27
Total Heads	1,997	480	3,313	3,525	338	9,653

11. Fiscal Years 2014 - 2018 Headcount Authorization



Operating Heads	2014	2015	2016	2017	2018
Audit & Investigative Services	39	37	20	20	20
Corporate Staff	17	17	18	14	18
Communications				19	18
Customer Service & Advocacy	90	82	82	84	84
Deputy General Manager/Treasurer Admin.				9	9
Operations				6,900	6,442
Employee Development/Relations					122
Engineering, Maintenance & Construction				1,068	1,065
Operations/Engineering, Maintenance & Construction	7,824	7,874	7,895		
Finance & Planning	182	179	179	170	170
Human Resources	159	159	159	160	53
Information Technology			69	71	71
Labor Relations				14	
New Payment Technologies/ Revenue Operations					188
Office of Innovation				5	5
Office of General Counsel	117	111	115	118	117
Planning, Project Coordination & Safety				1	
Transit Police					273
Procurement, Supply Chain & DBE	211	211	149	149	147
Public & Government Affairs	20	20	20	20	21
System Safety			22	24	24
Total Operating Heads	8,659	8,690	8,728	8,846	8,847

Capital Heads	2014	2015	2016	2017	2018
Audit & Investigative Services	-	3	-	-	-
Corporate Staff	-	-	-	1	2
Communications				-	-
Customer Service & Advocacy	-	-	-	-	-
Deputy General Manager/Treasurer Admin.				-	1
Operations				322	307
Employee Development/Relations					-
Engineering, Maintenance & Construction				459	461
Operations/Engineering, Maintenance & Construction	763	825	855		
Finance & Planning	6	4	5	6	6
Human Resources	-	-	-	-	-
Information Technology				-	-
Labor Relations				-	
New Payment Technologies/ Revenue Operations					11
Office of Innovation				-	-
Office of General Counsel	-	-	-	-	-
Planning, Project Coordination & Safety				3	
Transit Police					-
Procurement, Supply Chain & DBE	12	12	13	13	15
Public & Government Affairs	-	-	-	-	-
System Safety			3	3	3
Total Capital Heads	781	844	876	807	806

11. Fiscal Years 2014 - 2018 Headcount Authorization



Total Heads	2014	2015	2016	2017	2018
Audit & Investigative Services	39	40	20	20	20
Corporate Staff	17	17	18	15	20
Communications				19	18
Customer Service & Advocacy	90	82	82	84	84
Deputy General Manager/Treasurer Admin.				9	10
Operations				7,222	6,749
Employee Development/Relations					122
Engineering, Maintenance & Construction				1,527	1,526
Operations/Engineering, Maintenance & Construction	8,587	8,699	8,750		
Finance & Planning	188	183	184	176	176
Human Resources	159	159	159	160	53
Information Technology			69	71	71
Labor Relations				14	
New Payment Technologies/ Revenue Operations					199
Office of Innovation				5	5
Office of General Counsel	117	111	115	118	117
Planning, Project Coordination & Safety				4	
Transit Police					273
Procurement, Supply Chain & DBE	223	223	162	162	162
Public & Government Affairs	20	20	20	20	21
System Safety			25	27	27
Total Heads	9,440	9,534	9,604	9,653	9,653

Headcount Authorization Cause of Change

11. Fiscal Year 2017 to Fiscal Year 2018



Fiscal Year 2017 Authorized Headcount		9,653
Division / Department	Cause of Change	
Corporate Staff	<ul style="list-style-type: none"> Three Mgmt. positions transferred from Planning, Project Coordination & Safety One Mgmt. position (Chief of Police) transferred from Operations/Operations Staff One Mgmt. position transferred from Operations/Operations Staff 	+5
Deputy General Manager/Treasurer (DGM) Administration	<ul style="list-style-type: none"> One Mgmt. position transferred from Operations/Operations Staff 	+1
Employee Development/Relations	<ul style="list-style-type: none"> Nine Mgmt. positions and five Maintenance positions transferred from Deputy General Manager/Labor Relations 108 Mgmt. positions transferred from Human Resources 	+122
Transit Police	<ul style="list-style-type: none"> 61 Mgmt. positions and 212 Police Officer positions transferred from Operations/Transit Police 	+273
Operations/Transit Police	<ul style="list-style-type: none"> 61 Mgmt. positions and 212 Police Officer positions transferred to General Manager as a direct report 	-273
Human Resources	<ul style="list-style-type: none"> 108 Mgmt. positions transferred to newly created Employee Development/Relations Division One Mgmt. position transferred from Office of General Counsel 	-107
Operations/New Payment Technologies	<ul style="list-style-type: none"> 12 Mgmt. positions transferred to Deputy General Manager/New Payment Technologies/Revenue Operations 	-12
Deputy General Manager/Labor Relations	<ul style="list-style-type: none"> Nine Mgmt. positions and five Maintenance positions transferred to Employee Development/Relations 	-14

Headcount Authorization Cause of Change

11. Fiscal Year 2017 to Fiscal Year 2018



Division / Department	Cause of Change	
Deputy General Manager/ New Payment Technologies/ Revenue Operations	<ul style="list-style-type: none"> 88 Mgmt. positions, 50 Clerical positions, and 48 Maintenance positions transferred from Operations/Rail Transportation-Subway-Elevated 12 Mgmt. positions transferred from Operations/ New Payment Technologies One Mgmt. position transferred from Operations/ Rail Transportation-Subway-Elevated 	+199
Operations/ Operations Staff	<ul style="list-style-type: none"> One Mgmt. position transferred to DGM Staff One Mgmt. position (Chief of Police) transferred to Corporate Staff One Mgmt. position transferred to Operations/Bus Engineering One Mgmt. position transferred to Corporate Staff 	-4
Planning, Project Coordination & Safety	<ul style="list-style-type: none"> Three Mgmt. positions transferred to Corporate Staff One position transferred to Operations/Rail Transportation-Regional Rail 	-4
Operations/Rail Transportation-Subway- Elevated	<ul style="list-style-type: none"> 88 Mgmt. positions, 50 Clerical positions, and 48 Maintenance positions transferred to Deputy General Manager/New Payment Technologies/Revenue Operations One Mgmt. position transferred to Deputy General Manager/New Payment Technologies/Revenue Operations 	-187
Operations/Rail Transportation-Regional Rail	<ul style="list-style-type: none"> 12 Mgmt. positions transferred from Operations/Rail Vehicle Maintenance One Mgmt. position transferred from Planning, Project Coordination & Safety One Mgmt. positions transferred from Engineering, Maintenance and Construction 	+14
Operations/Rail Vehicle Maintenance	<ul style="list-style-type: none"> 12 Mgmt. positions transferred to Operations/Rail Transportation-Regional Rail 	-12
Engineering, Maintenance and Construction	<ul style="list-style-type: none"> One Mgmt. position transferred to Operations/Rail Transportation-Regional Rail 	-1

Headcount Authorization Cause of Change

11. Fiscal Year 2017 to Fiscal Year 2018



Division / Department	Cause of Change	
Operations/Bus Vehicle Engineering	<ul style="list-style-type: none"> One Mgmt. position transferred from Operations/Operations Staff One Mgmt. position transferred to Operations/Operations Administration and Finance 	0
Operations/Operations Administration and Finance	<ul style="list-style-type: none"> One Mgmt. position transferred from Operations/Bus Engineering 	+1
Public and Government Affairs	<ul style="list-style-type: none"> One Mgmt. position transferred from Communications 	+1
Office of General Counsel	<ul style="list-style-type: none"> One Mgmt. position transferred to Human Resources 	-1
Communications	<ul style="list-style-type: none"> One Mgmt. position transferred to Public and Government Affairs 	-1
	Total Increase/Decrease	0
	Fiscal Year 2018 Authorized Headcount	9,653

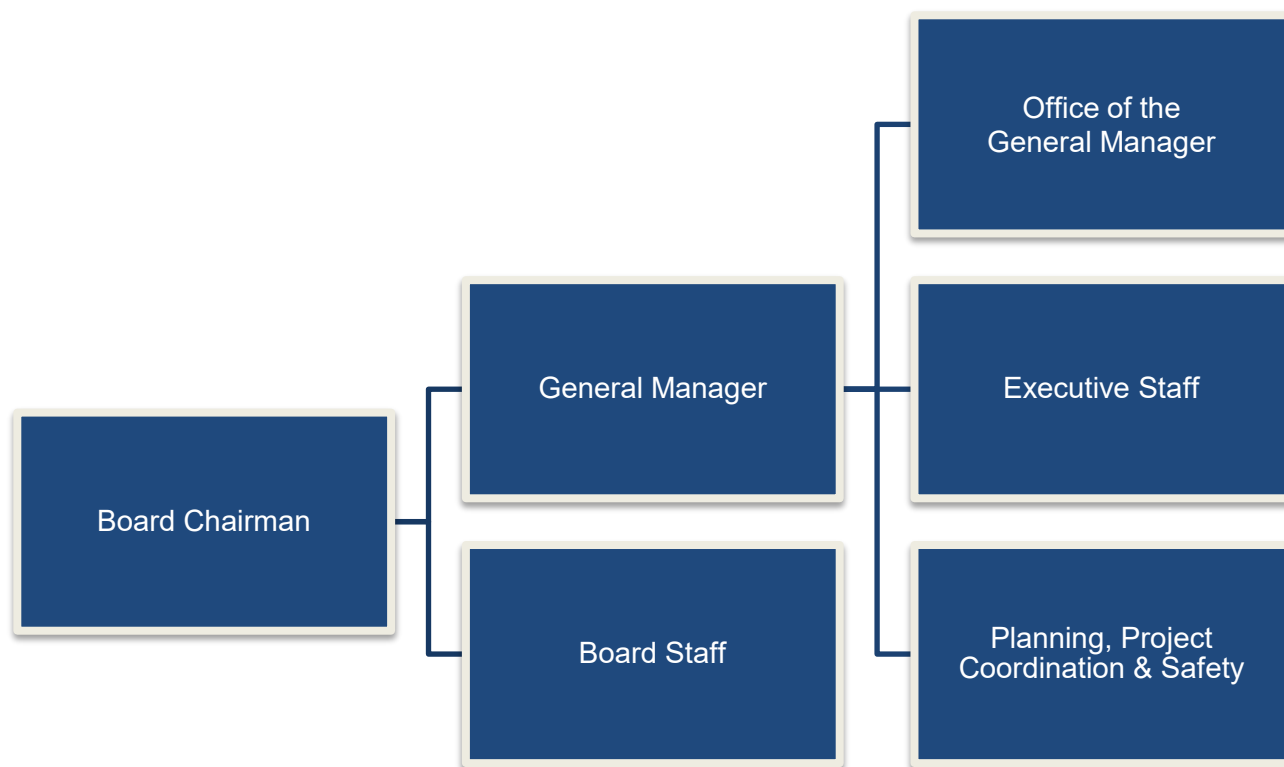
12. Departmental Summaries for Fiscal Year 2018

**SEPTA**
Corporate Staff



Overview

SEPTA's Corporate Staff consists of a team of experienced transit professionals who are dedicated to providing vision and guidance to the Authority, while making the best use of limited resources. The Corporate Staff strives to be a partner with stakeholders to promote public transit service as a cost-effective, viable travel option for access to work, school, medical service, shopping, leisure activities and tourism. The Corporate Staff is also committed to operating and managing a system which meets the highest standards for customer and employee safety while providing quality services.





Headcount

Operating Heads	Mgmt	Clerical	Total
Board Staff	4	-	4
Executive Staff	7	-	7
Office of the General Manager	6	-	6
Planning, Project Coordination & Safety	1	-	1
Total Operating Heads	18	-	18

Capital Heads	Mgmt	Clerical	Total
Board Staff	-	-	-
Executive Staff	-	-	-
Office of the General Manager	-	-	-
Planning, Project Coordination & Safety	2	-	2
Total Capital Heads	2	-	2

Total Heads	Mgmt	Clerical	Total
Board Staff	4	-	4
Executive Staff	7	-	7
Office of the General Manager	6	-	6
Planning, Project Coordination & Safety	3	-	3
Total Heads	20	-	20



Budget Amounts in Thousands (,000)			
	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Board Staff	\$ 516	\$ 66	\$ 582
Executive Staff	1,334	15	1,349
Office of the General Manager	909	115	1,024
Planning, Project Coordination & Safety	<u>75</u>	<u>14</u>	<u>89</u>
TOTAL	<u>\$ 2,834</u>	<u>\$ 210</u>	<u>\$ 3,044</u>

Principal Responsibilities

General Manager

Oversees all SEPTA services and operations. Along with the SEPTA Board, provides leadership and direction for the Authority.

Executive Staff

Manage and direct the daily functions of the Authority. Executive Staff includes the division leaders reporting directly to the General Manager. They, along with the General Manager, are responsible for the operation, administration, and financial management of the Authority.

Board Staff

Prepare and attest to all Board documentation generated from committee and Board meetings as well as advising and consulting with the Board on all Board-related matters. The Board staff includes a Secretary to the Board, an Assistant Secretary to the Board, a Controller to the Board, and a Board & Government Liaison.

Planning, Project Coordination & Safety

An independent group charged with spearheading critical projects and initiatives. Serves as an interface between Operations, EM&C, and System Safety Departments.



Fiscal Year 2018 Goals & Business Initiatives

SEPTA's Strategic Business Plan for Fiscal Years 2015 through 2019 established the framework for corporate goal-setting. The strategic plan is available at www.septa.org/strategic-plan. SEPTA's "Building the Future" program features a series of initiatives directed towards these corporate goals, grouped into five focus areas:

GOAL	OVERVIEW
The Customer Experience	<i>Meeting or exceeding rising customer expectations</i>
Workforce Development & Support	<i>Attracting and retaining a diverse, highly-skilled, and versatile workforce</i>
Rebuilding the System	<i>Reducing the backlog of capital repair needs</i>
SEPTA is a Business	<i>Responsibly managing resources to grow the system</i>
Safety & Security as the Foundation	<i>A safety-first corporate culture</i>

GOAL	BUSINESS INITIATIVES
The Customer Experience	<ul style="list-style-type: none"> a) Complete real-time improvements for Regional Rail and all Surface vehicles; advance Subway/Elevated & Trolley Tunnel Countdown Clocks for Calendar Year 2018 completion. b) Implement BASCSC Initiatives & hold Annual Summit to update on progress. c) Implement Regional Rail Service Improvement Program and publicly report progress on key initiatives, including schedule adjustments, AMTRAK coordination, and conductor training with emphasis on communication during service delays. Launch Emergency Response Team Project in first quarter. d) Prepare facilities and provide Ambassador support for major events, including the Philadelphia Flower Show, Broad Street Run, and Welcome America. e) Conduct Subway/Elevated Hotspot Blitzes to ensure high level of station cleanliness, with priority given to bench areas, trash cans, stairways, and track area. Develop a strong Spring Cleaning Campaign for both Subway/Elevated and Trolley stations. f) Develop comprehensive Regional Rail Wayfinding and Signage Improvement Program, starting with focus on Airport Terminal Stations and Trenton Transit Center. g) Complete rollout of SEPTA Key on City and Suburban Transit. Initiate Early Adopters Program on Regional Rail. h) Successfully manage and plan for outages to minimize customer disruption, including 30th Street to Philadelphia, Trolley Tunnel Blitz, City Hall Station, and 15th Street Station. i) Improve Customer Experience at Frankford Transportation Center, including completion of construction on a new customer service office. j) Continually integrate safety messaging and initiatives into customer facing products.



GOAL	BUSINESS INITIATIVES
Workforce Development & Support	<ul style="list-style-type: none"> a) Implement key initiatives in Five-Year Human Resources Master Plan, including modernization of recruitment, testing center, and employee onboarding. b) Continue to advance Women-In-Trades Program, including workshops. c) Implement key initiatives of Employee Communications Innovation Team, especially those focused on better communication with hourly personnel. d) Complete Railroad Simulator Project for training engineers. e) Work to keep engineer, conductor and assistant conductor headcount at required levels. f) Implement new programming for ongoing Workforce Development, including Lunchtime Learning and Mentorship Programs. g) Advance Phase II of AIM AD Program. h) Implement monthly training modules for EM&C third-party construction managers. i) Submit Program Plan for mandated Railroad Safety Training Standards pursuant to FRA Title 49 Part 243. j) Encourage employee growth by improving hiring, onboarding and retention efforts.
Rebuilding the System	<ul style="list-style-type: none"> a) Advance elements of Accelerated Construction Program based on availability of funding from incoming Federal Administration. b) Advance purchase of 525-Hybrid buses with New Flyer, 232 Paratransit vehicle purchase with Shepard Brothers, and 25 Battery-Electric bus purchase with Proterra, including charging infrastructure. c) Advance locomotive contract and multi-level railcar contract. Fast-track Frazer Shop Improvement Program to prepare for new railcar fleet. d) Advance Center City Concourse Program, including completion of Construction Phase 1 (South Penn) and start of design and/or construction on next phases. e) Continue to advance Trolley Modernization Program, including complete Power Distribution Study, Bridge Loading Assessment, and Dynamic Envelope Analysis. f) Complete land acquisition and start design of Wissahickon Transportation Center Project. g) Develop a framework for Capital Project Planning and Future Project Prioritization



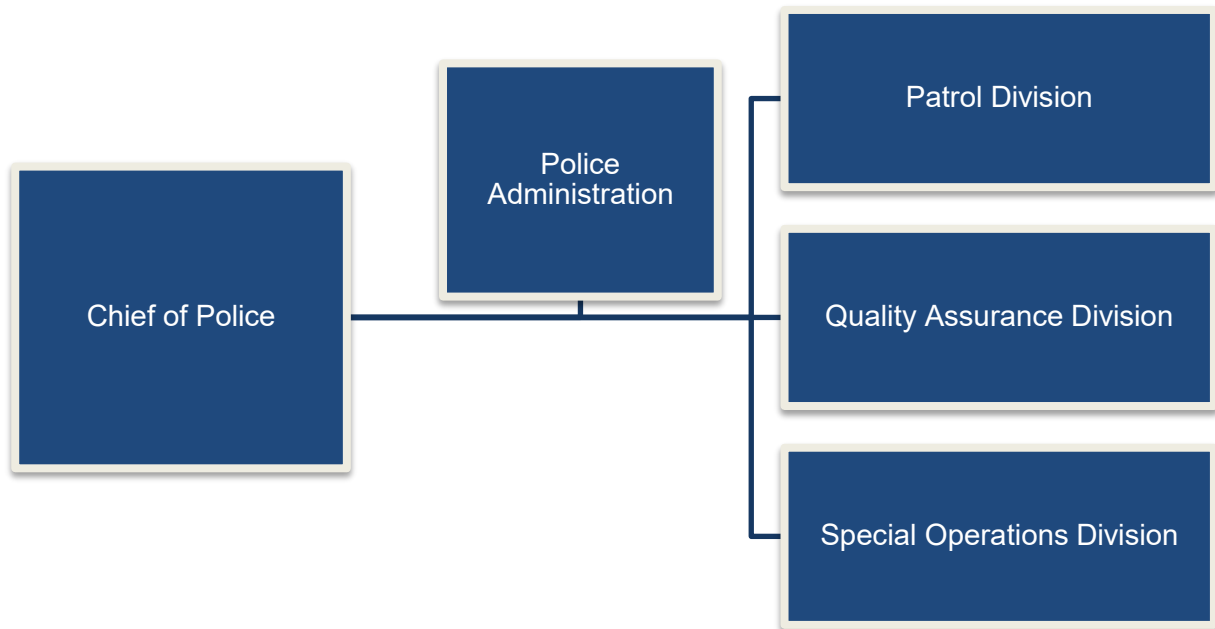
GOAL	BUSINESS INITIATIVES
SEPTA is a Business	<ul style="list-style-type: none"> a) Implement PennDOT Performance Review Action Plan and report on progress quarterly to SEPTA Board. b) Launch Ridership Growth Innovation Team and implement key initiatives, including Transit Oriented Development (TOD). c) Implement a fair and reasonable fare increase on July 1, 2017 that takes into consideration SEPTA Key launch across all modes. d) Conduct Fare Evasion Reduction Program across all modes. e) Advance Bike Program improvements at selected locations. f) Continue to implement Trapeze Ops Program for operations scheduling efficiency. g) Successfully negotiate AMTRAK Agreements. h) Continue to implement ESCO Master Plan for energy efficiency improvements at SEPTA facilities and complete implementation of solar power purchase agreement (PPA) at four major bus and rail facilities. i) Initiate Asset Protection Group and develop an action plan to address known exposures. j) Complete efforts to create a Master Agreement with CSX.
Safety & Security as the Foundation	<ul style="list-style-type: none"> a) Conduct "NEVER TOO BUSY FOR SAFETY" Employee Awareness Day. b) Implement updated Operator Assault Reduction Plan. c) Fully implement Positive Train Control (PTC) on the Railroad, including AMTRAK Territory. d) Advance implementation of Audible Bus Turn Warning System. e) Launch retrofit of Nova buses for additional stanchions at front of bus. f) Advance design for safer pedestrian access. g) Advance construction of First Responder Radio Interoperability. h) Roll out new Personal Protective Equipment Policy and ensure compliance. i) Accelerate Cyber Security Innovation Team progress. j) Fully comply with Federal Administration Door Waiver. k) Conduct major emergency drill. l) Create an updated Sleep Apnea Mitigation Plan.

 **SEPTA**
Transit Police



Overview

SEPTA's Transit Police ensures law enforcement within the transportation system.



Headcount

Operating Heads	Mgmt	Police	Total
Police Administration	8	-	8
Patrol Division	30	140	170
Quality Assurance Division	13	-	13
Special Operations Division	10	72	82
Total Operating Heads	61	212	273

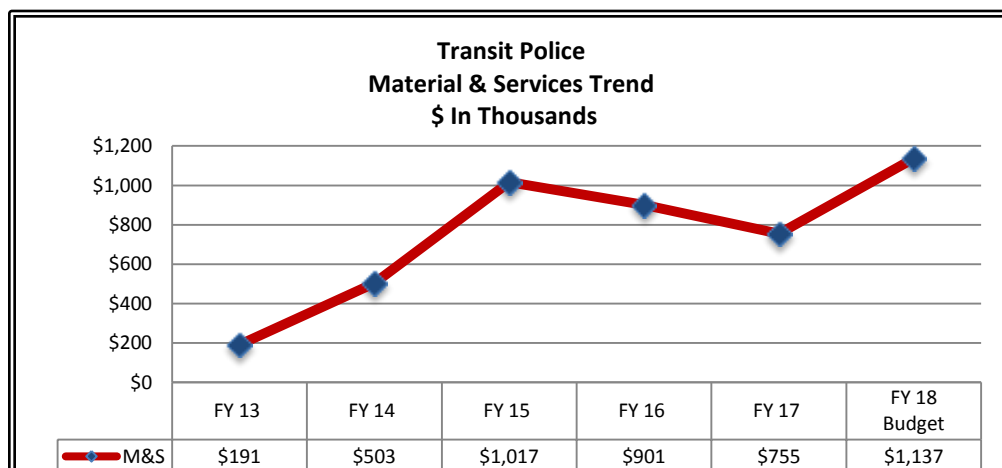
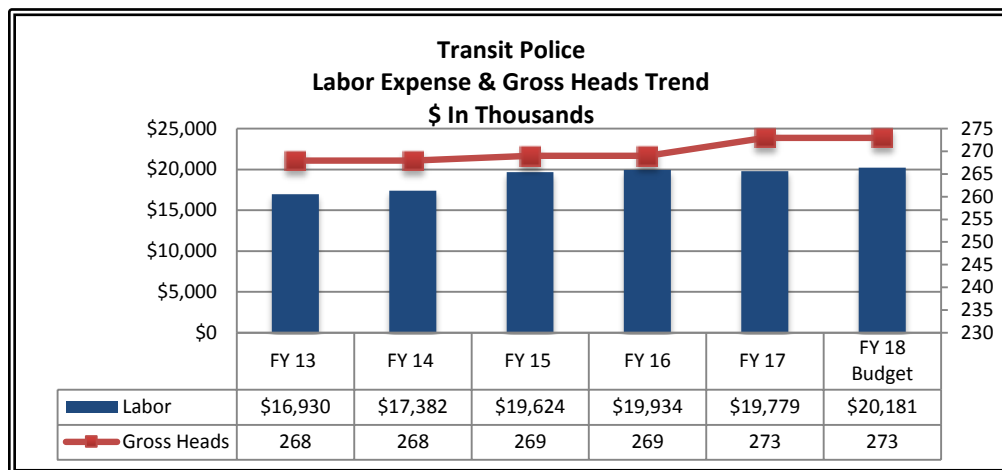
Capital Heads	Mgmt	Police	Total
Police Administration	-	-	-
Patrol Division	-	-	-
Quality Assurance Division	-	-	-
Special Operations Division	-	-	-
Total Capital Heads	-	-	-

Total Heads	Mgmt	Police	Total
Police Administration	8	-	8
Patrol Division	30	140	170
Quality Assurance Division	13	-	13
Special Operations Division	10	72	82
Total Heads	61	212	273



Budget Amounts in Thousands (,000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Police Administration	\$ 695	\$ 179	\$ 874
Patrol Division	12,542	934	13,476
Quality Assurance Division	825	1	826
Special Operations Division	6,119	23	6,142
TOTAL	\$ 20,181	\$ 1,137	\$ 21,318





Principal Responsibilities

TRANSIT POLICE

Ensure a safe work and travel environment and enhance the quality of life through law enforcement and protection against crime.

Patrol Division

Responsible for patrol (primarily in uniform) of the Broad Street Subway Line, Market Frankford Line, trolley lines, Regional Rail, and all SEPTA stations and properties.

Quality Assurance Division

Investigate complaints of transit police misconduct and ensure that the service being provided is at the expected level. Maintain professional and interoperable communications. Manage Record Management System.

Special Operations Division

Responsible for counterterrorism prevention and training, hot spot policing initiative using Team One, personnel conducting criminal investigations, and undercover operations. Responsible for new recruitment training and background investigations for officer candidates.



SEPTA

System Safety

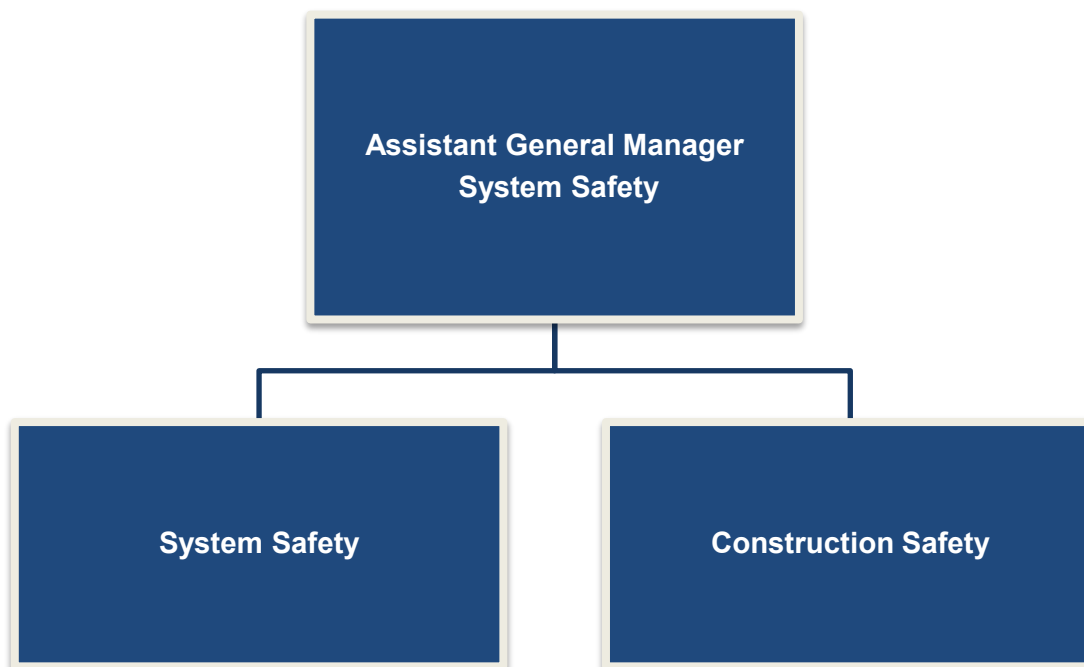


System Safety



Overview

SEPTA's System Safety Division consists of a team of experienced safety professionals who are dedicated to ensuring and enhancing the safety of SEPTA's employees and customers.



Headcount

Operating Heads	Mgmt	Clerical	Total
System Safety	24	-	24
Construction Safety	-	-	-
Total Operating Heads	24	-	24

Capital Heads	Mgmt	Clerical	Total
System Safety	-	-	-
Construction Safety	3	-	3
Total Capital Heads	3	-	3

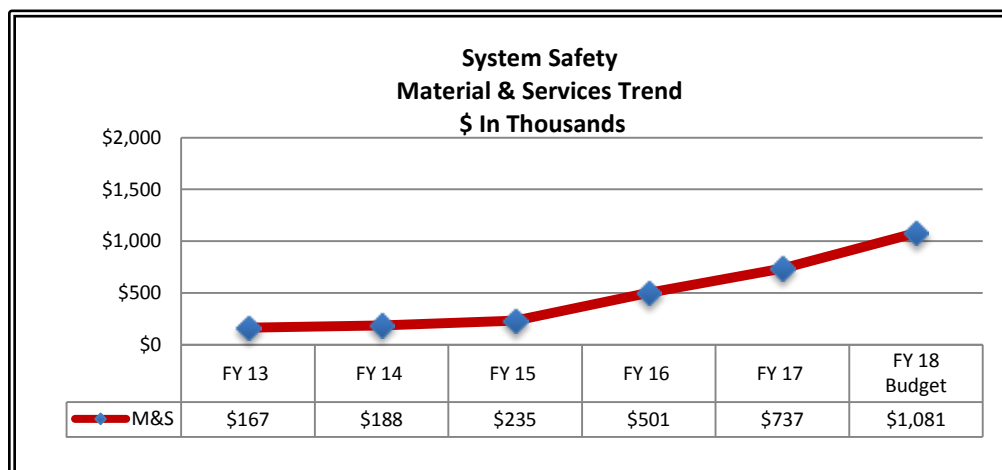
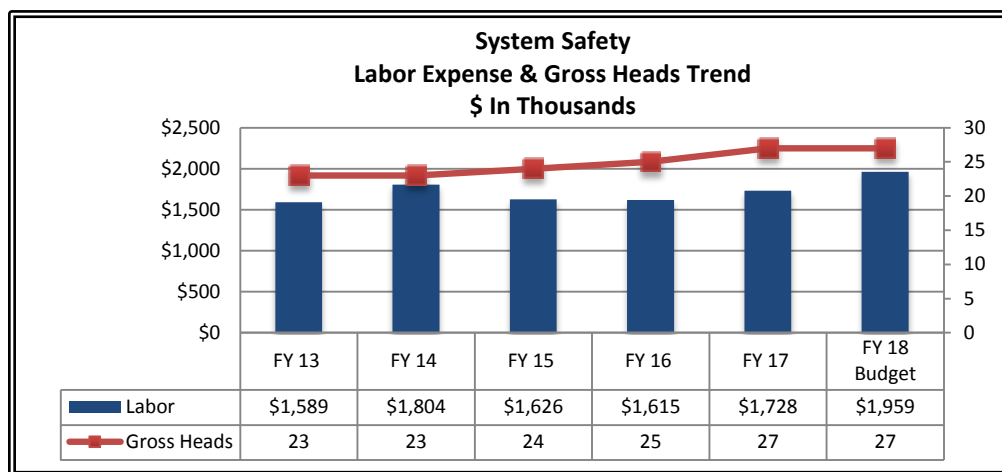
Total Heads	Mgmt	Clerical	Total
System Safety	24	-	24
Construction Safety	3	-	3
Total Heads	27	-	27



Budget

Amounts in Thousands (,000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
System Safety	\$ 1,959	\$ 1,081	\$ 3,040
TOTAL	\$ 1,959	\$ 1,081	\$ 3,040



Note: The increase in FY 16 through FY 18 reflects third party services for safety training, testing, and consulting.



Principal Responsibilities

SYSTEM SAFETY

System Safety performs a wide range of tasks that are designed to ensure and enhance the safety of our employees, customers, and the community. These tasks include the following:

- Develop, implement, maintain, and update the multi-modal System Safety Program Plan (SSPP).
- Coordinate all functions related to safety throughout the Authority, including the potential for environmental and workplace health exposures.
- Routinely perform an enhanced level of safety inspections and audits. In addition to major accident investigations, also conduct occupational injury investigations and safety/risk management assessments.
- Conduct fire drills and evacuation exercises at all Authority locations.
- Direct the activities of the Joint Health and Safety Committee (JHSC) and oversee the Location Safety Committee (LSC) process.
- Assist in the coordination of multi-departmental initiatives to promote and internalize safety as the Authority's top priority.
- Provide consultation and support in the areas of environmental compliance and management of SEPTA's environmental activities.
- Oversee Environmental Site Characterization Assessments, Phase I & II Property Acquisition Assessments, and Remediation Projects.
- Oversee the Authority's Environmental and Sustainability Management System (ESMS).
- Manage the Property Conservation Program and the risk treatment process. Work to reduce risk exposure and implement effective risk control techniques at all Authority locations.
- Coordinate the collection and reporting of all safety statistics throughout the Authority and administer the reporting of those statistics to regulatory agencies.



Fiscal Year 2018 Goals & Business Initiatives

GOALS	BUSINESS INITIATIVES
I. Improve Employee Safety and Promote a Safe Work Environment	<ul style="list-style-type: none"> a) Continue to lead employee-focused safety initiatives (“Never Too Busy for Safety”). b) Implement FRA-compliant System Safety Plan (SSP). c) Reduce signal violations on rail modes by 10%.
II. Increase Customer Safety Awareness	<ul style="list-style-type: none"> a) Continue to lead customer-focused safety campaigns (“Make the Safe Choice”). b) Explore technology based solutions to reduce vehicle accidents. c) Reduce customer falls from subway/elevated platforms by 10%.
III. Ensure Responsible Environmental Management Through a Comprehensive ESMS Program	<ul style="list-style-type: none"> a) Maintain ISO 14001 certification at Berridge Shop. b) Advance the ISO 14001 certification process at Wayne Junction Shop. c) Reduce vehicle idling at shops, facilities, loops, and terminals.
IV. Develop a Safety-First Culture	<ul style="list-style-type: none"> a) Continue transition to Safety Management System (SMS)-compliant safety programs as required by FTA. b) Utilize a data-driven approach to safety decision making. c) Continue Safety Culture Innovation Team to enhance the Authority’s overall safety culture.



Fiscal Year 2017 Major Accomplishments

Prior Year Goal	Accomplishments
I. Improve Employee Safety and Promote a Safe Work Environment	<ul style="list-style-type: none"> • Two (2) employee safety days were held in FY 17. • FRA-compliant Confidential Close Call Reporting System (C3RS) established. • Safety training contract executed and new training implemented. • Technology-based secondary warning systems for roadway workers implemented.
II. Increase Customer Safety Awareness	<ul style="list-style-type: none"> • Customer Safety Day campaign held in FY 17. • Safe Turn Alert system being installed in SEPTA's bus fleet. • Operation Lifesaver presentations continued in FY 17.
III. Ensure Responsible Environmental Management Through a Comprehensive ESMS Program	<ul style="list-style-type: none"> • Berridge Shop ISO 14001 certification renewed in FY 17. • ISO 14001 process continued at Wayne Junction Shop. • Safety Data Sheet (SDS) system procured in FY 17.
IV. Develop a Safety First Culture	<ul style="list-style-type: none"> • Gap analysis underway to bring existing System Safety Program Plan into compliance with new regulations. • Data analysis enhanced with regular STAT meetings with General Manager/Deputy General Manager as well as Monthly Management Reports generated. • Safety Culture Innovation teams continue to address issues raised at CY 16 Safety Summit.

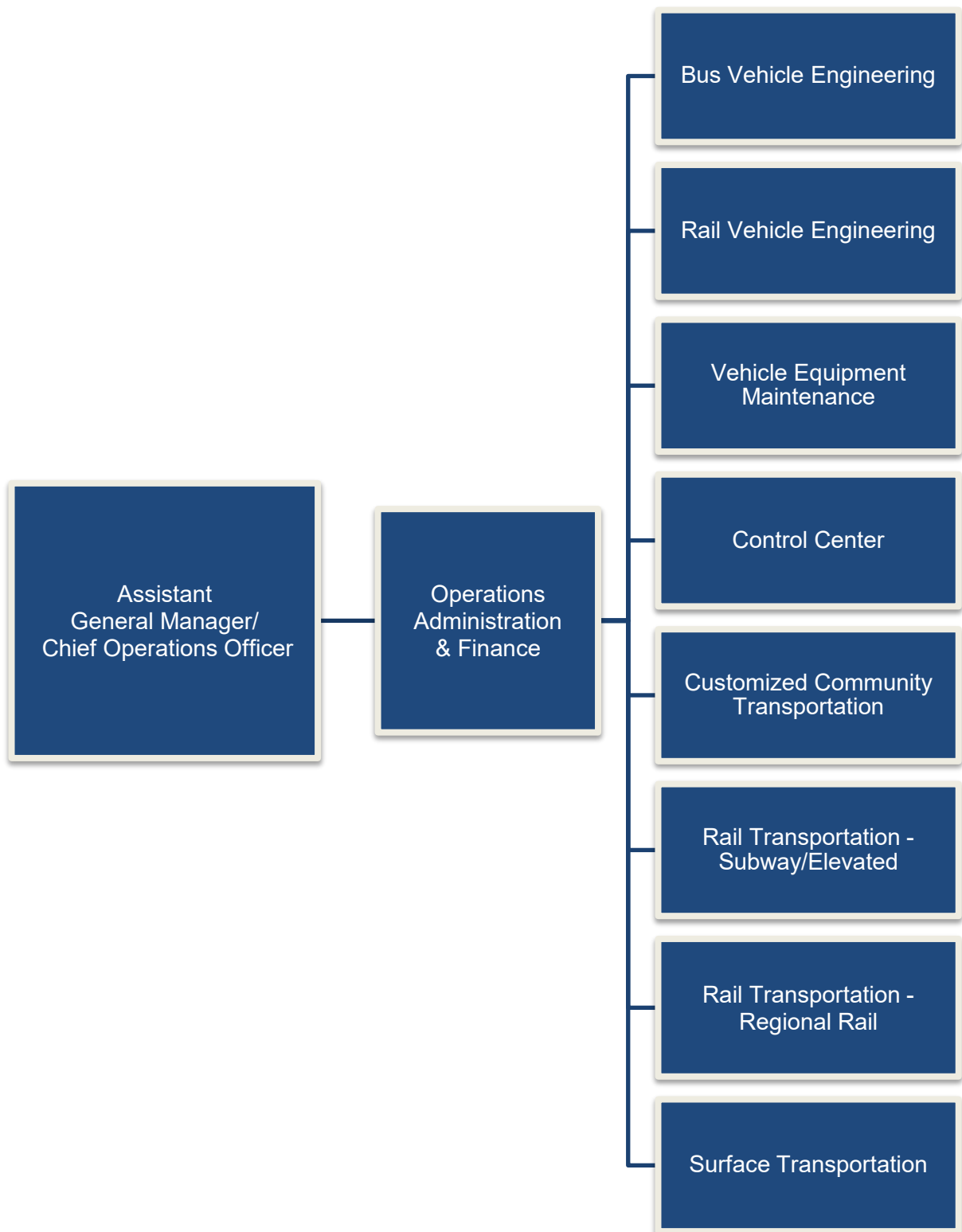
 **SEPTA**
Operations



Overview

The Operations Division provided 308.3 million annual passenger trips in Fiscal Year 2017, while operating 100.2 million vehicle miles. Total passenger miles exceeded 1.5 billion. The Division operates and maintains 2,835 revenue vehicles on 150 fixed routes, which have approximately 1,570 route miles and over 600 miles of track. The Operations Division also operates and maintains an inventory of assorted non-revenue support vehicles and equipment and provides service to 279 stations.

The Operations Division includes: Control Center, Customized Community Transportation (CCT), Operations Staff, Rail Transportation, Surface Transportation, Vehicle Engineering, Vehicle Equipment Maintenance, and Administration & Finance. The Division provides the leadership for the daily operating decisions and long term goals related to these areas of responsibility.





Headcount

Operating Heads	Mgmt	Clerical	Maint.	Transp.	Cashiers	Total
Operations Administration & Finance	4	-	-	-	-	4
Bus Vehicle Engineering	17	-	-	-	-	17
Rail Vehicle Engineering	16	2	-	-	-	18
Bus Vehicle Maintenance	81	12	774	-	-	867
Rail Vehicle Maintenance	86	19	751	-	-	856
Control Center	90	12	-	4	-	106
Customized Community Transportation	90	-	-	24	-	114
Operations Staff	8	-	-	-	-	8
Rail Transportation - Subway-Elevated	95	4	182	158	338	777
Rail Transportation - Regional Rail	82	51	5	576	-	714
Surface Transportation	190	25	-	2,746	-	2,961
Total Operating Heads	759	125	1,712	3,508	338	6,442

Capital Heads	Mgmt	Clerical	Maint.	Transp.	Cashiers	Total
Operations Administration & Finance	-	-	-	-	-	-
Bus Vehicle Engineering	12	-	-	-	-	12
Rail Vehicle Engineering	23	2	-	-	-	25
Bus Vehicle Maintenance	9	1	82	-	-	92
Rail Vehicle Maintenance	16	1	141	-	-	158
Control Center	1	-	-	-	-	1
Customized Community Transportation	-	-	-	-	-	-
Operations Staff	-	-	-	-	-	-
Rail Transportation - Subway-Elevated	1	-	-	1	-	2
Rail Transportation - Regional Rail	1	-	-	-	-	1
Surface Transportation	-	-	-	16	-	16
Total Capital Heads	63	4	223	17	-	307

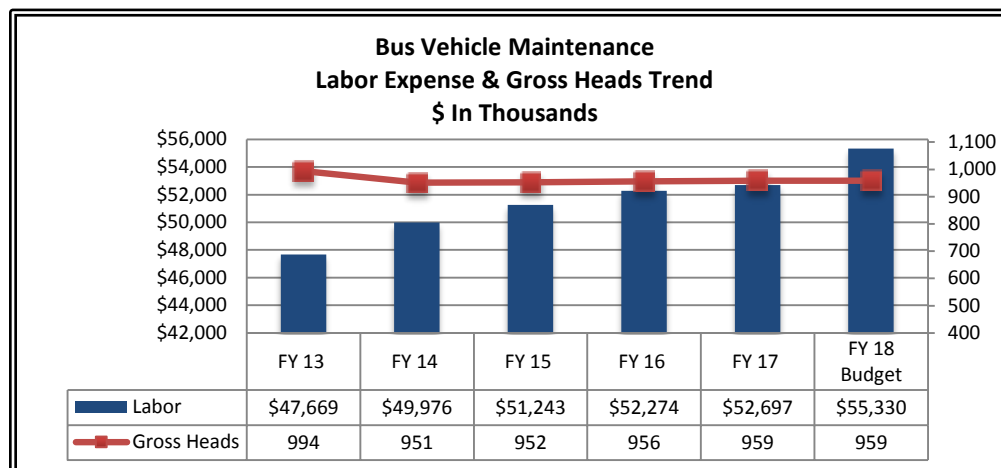
Total Heads	Mgmt	Clerical	Maint.	Transp.	Cashiers	Total
Operations Administration & Finance	4	-	-	-	-	4
Bus Vehicle Engineering	29	-	-	-	-	29
Rail Vehicle Engineering	39	4	-	-	-	43
Bus Vehicle Maintenance	90	13	856	-	-	959
Rail Vehicle Maintenance	102	20	892	-	-	1,014
Control Center	91	12	-	4	-	107
Customized Community Transportation	90	-	-	24	-	114
Operations Staff	8	-	-	-	-	8
Rail Transportation - Subway-Elevated	96	4	182	159	338	779
Rail Transportation - Regional Rail	83	51	5	576	-	715
Surface Transportation	190	25	-	2,762	-	2,977
Total Heads	822	129	1,935	3,525	338	6,749

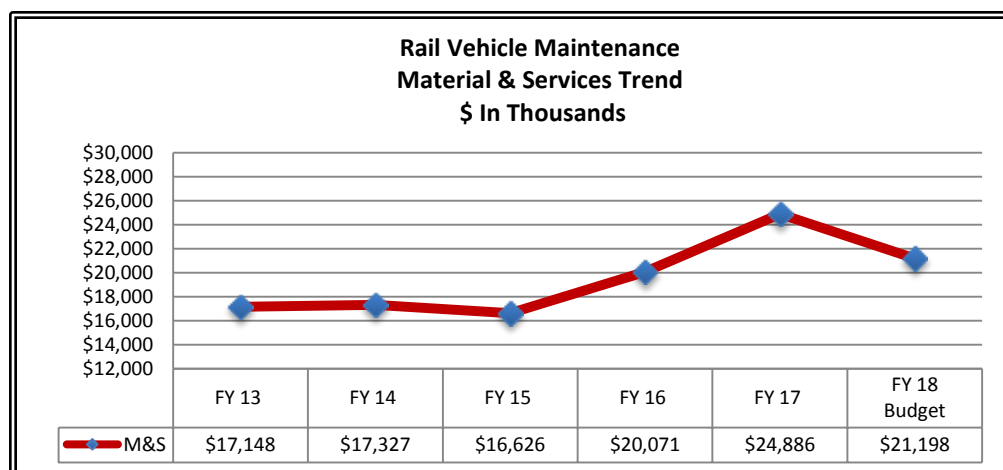
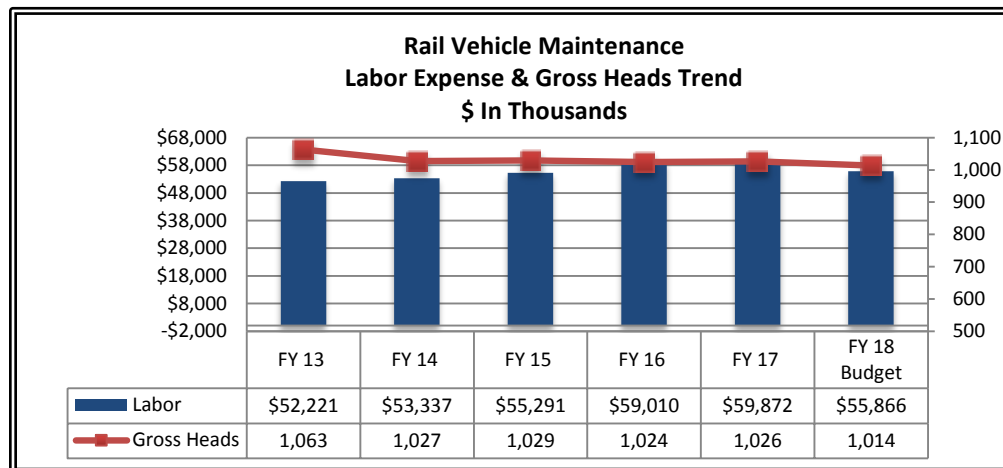
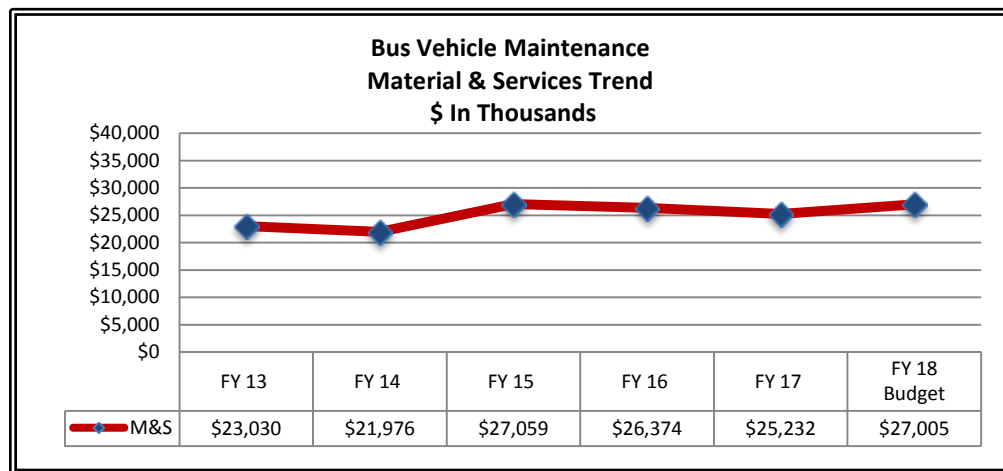


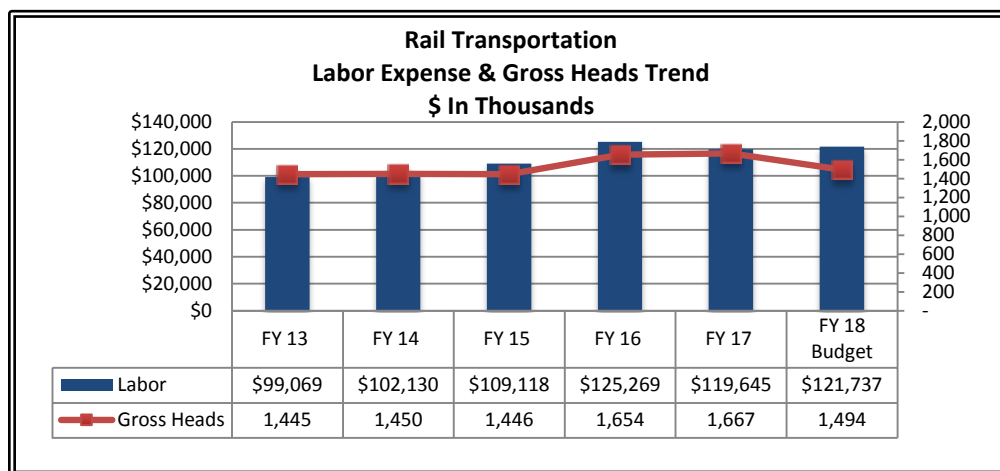
Budget

Amounts in Thousands (,000)

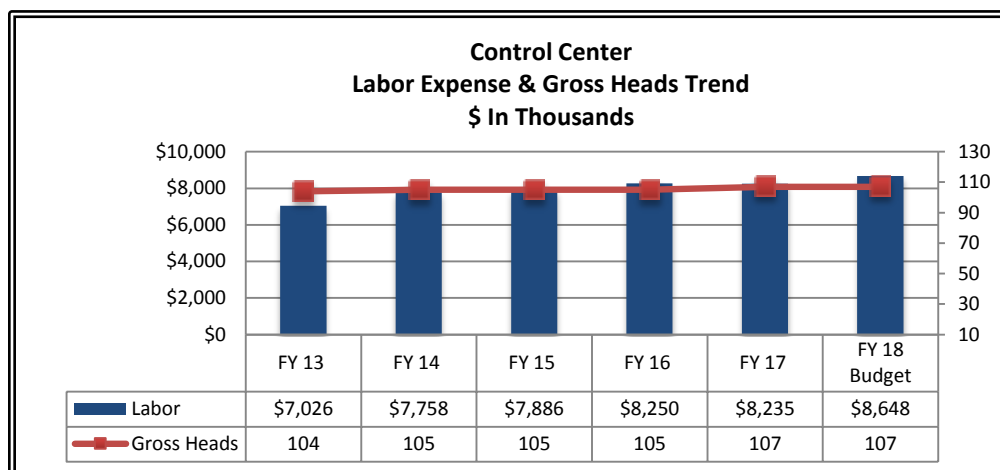
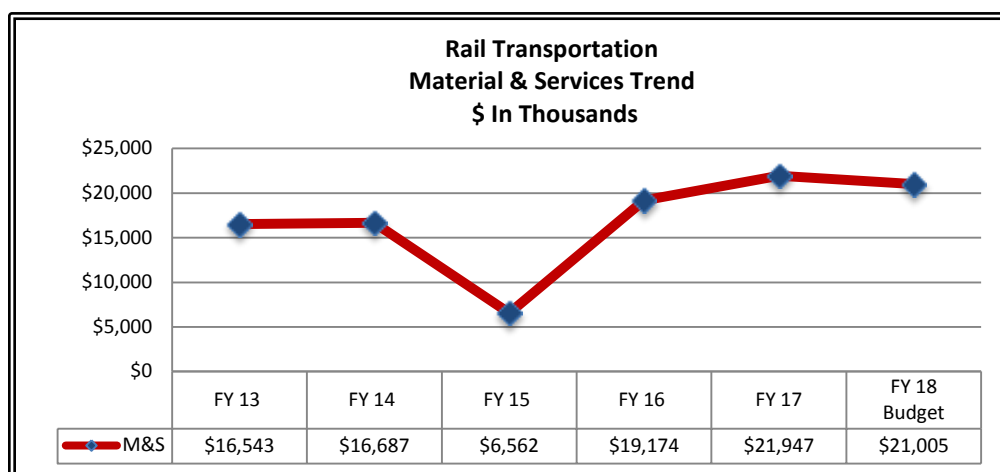
	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Operations Administration & Finance	\$ 304	\$ 271	575
Bus Vehicle Engineering	1,474	2,998	4,472
Rail Vehicle Engineering	1,393	90	1,483
Bus Vehicle Maintenance	55,330	27,005	82,335
Rail Vehicle Maintenance	55,866	21,198	77,064
Control Center	8,648	275	8,923
Customized Community Transportation	8,349	4,153	12,502
Operations Staff	1,194	10	1,204
Rail Transportation- Subway-Elevated	52,962	1,136	54,098
Rail Transportation- Regional Rail	68,775	19,869	88,644
Surface Transportation	213,424	529	213,953
TOTAL	\$ 467,719	\$ 77,534	\$ 545,253

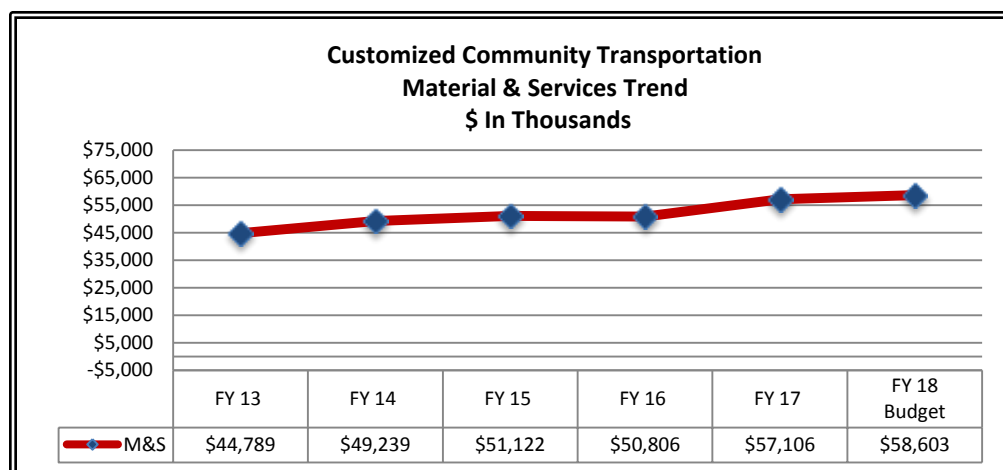
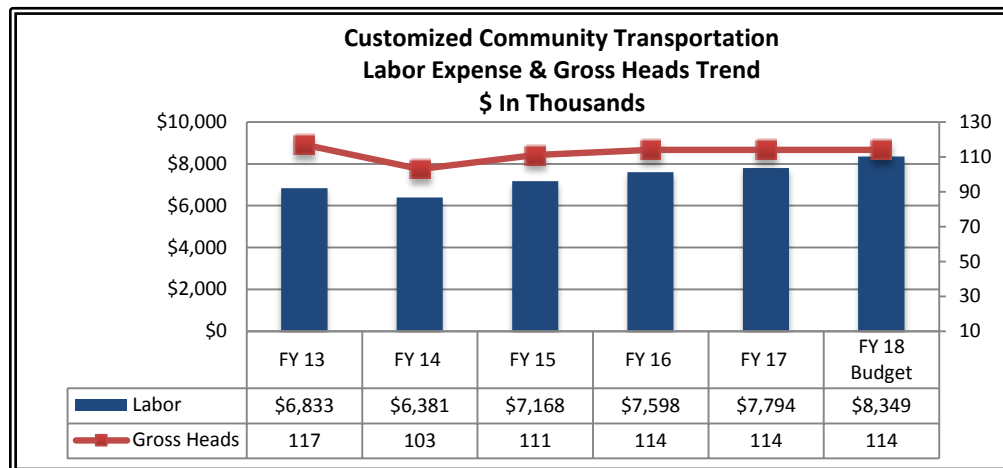
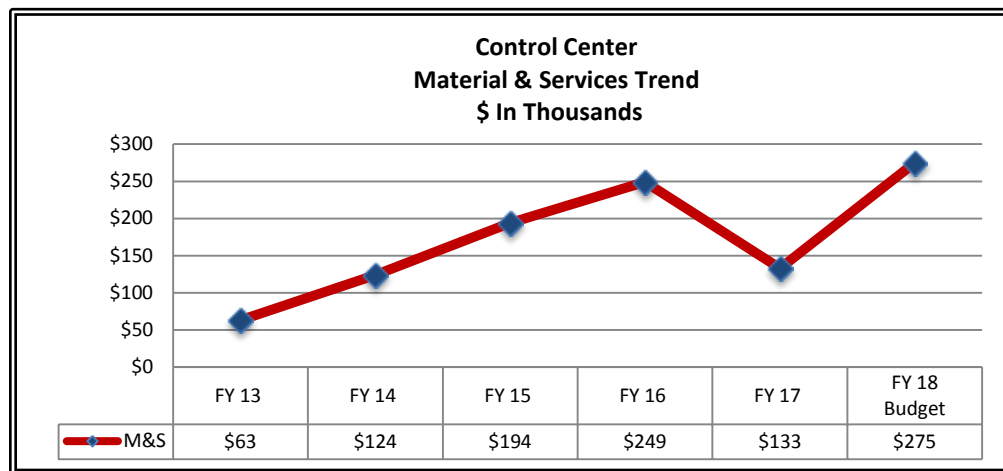




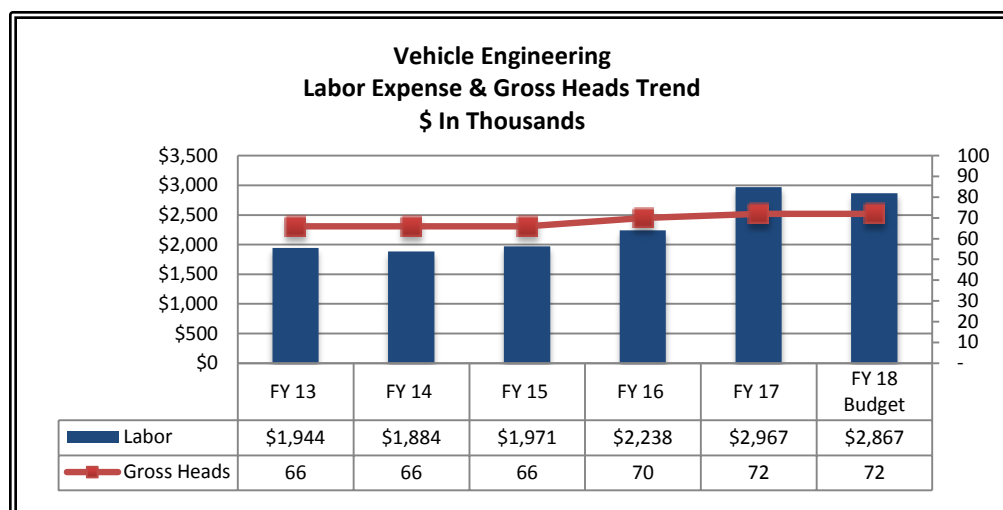
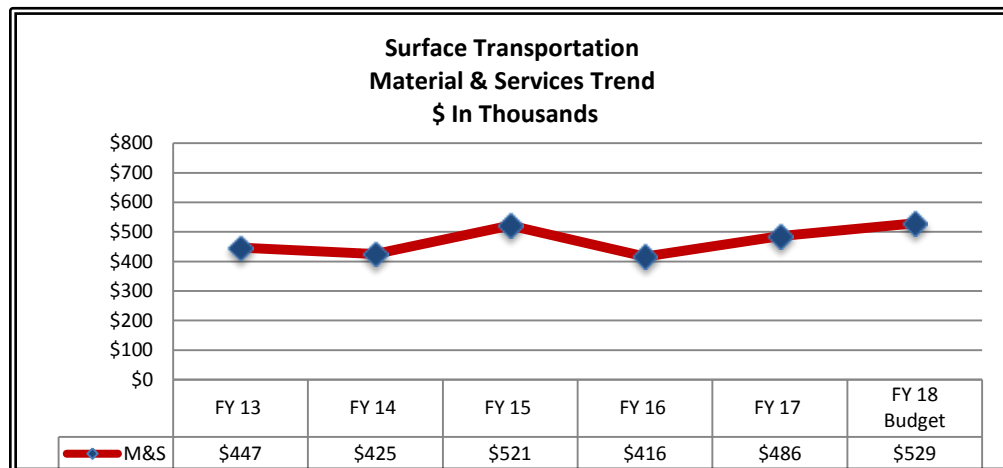
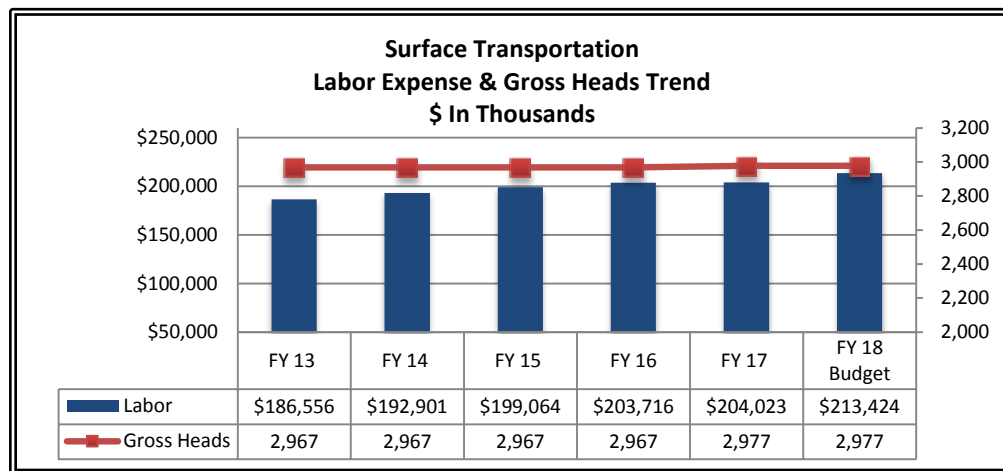


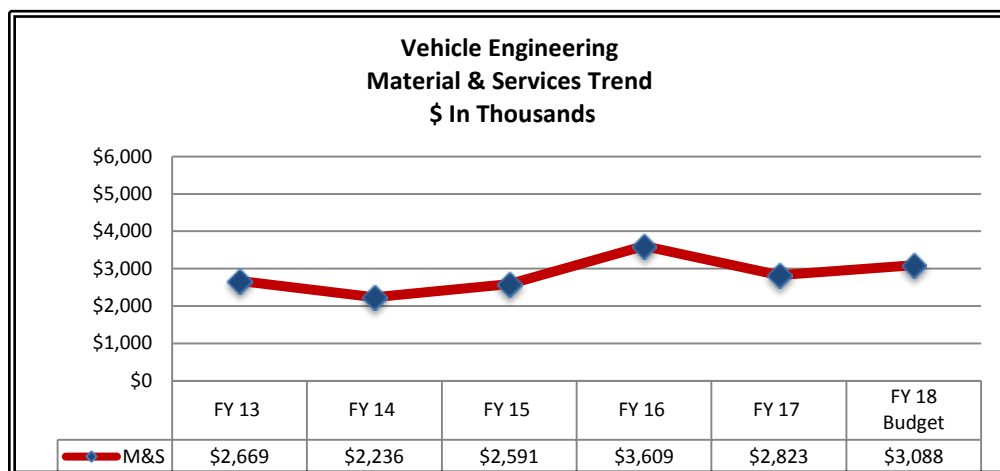
Note: New Payment Technology Integration transferred to Rail Transportation in FY 2016.





Note: Customized Community Transportation includes ADA and Shared Ride contract services.





Principal Responsibilities

ADMINISTRATION AND FINANCE

Coordinate and manage the administrative and financial activities for the Operations Division.

Cost Control

Coordinate the development, submission, and monitoring of Operating and Capital Budget Proposals for the Operations Division.

Performance Statistics Control

Develop and monitor performance statistic goals for the Operations Division, which support SEPTA's mission and strategic goals.

Human Resource Administration

Manage the process of hiring personnel for the Operations Division in accordance with service requirements. Ensure compliance with SEPTA's Human Resource policies.

Customer Service

Process and expedite all customer correspondence routed through the Operations Division.

Record Retention

Coordinate compliance with record retention policies.

Special Projects

Coordinate all logistics and activities related to service interruptions, major sporting events and various other annual events, including the Philadelphia Flower Show, Philly Spring Clean-Up, and Philabundance Food Drive.



BUS VEHICLE ENGINEERING

Oversee the engineering for bus, trackless trolley, and non-revenue vehicle fleets. Responsible for the acquisition of new fleets of vehicles including bus, CCT, and utility vehicles. Manage administrative, personnel and budgetary elements of Bus Vehicle Engineering, Rail Vehicle Engineering, and Vehicle Maintenance groups.

Bus Vehicle Engineering

Provide all engineering support including specifications, drawings, vehicle modifications, and system upgrades for all bus fleets. Investigate and resolve bus and fleet technical issues. Support is provided to heavy maintenance facilities and CCT vehicle maintenance.

New Vehicles

Oversee the purchase of all new bus, trackless trolley, CCT, and utility vehicles for the Authority. Manage the procurement, production, inspection, acceptance, and contract deliverables (e.g. spare parts, manuals, and warranty administration) for various vehicle automotive contracts.

RAIL VEHICLE ENGINEERING

Oversee the engineering for light rail, subway-elevated, and railroad fleets and is responsible for all new rail vehicle acquisitions.

Rail Vehicle Engineering

Provide all engineering support including specifications, drawings, vehicle modifications, and system upgrades for all rail fleets. Investigate and resolve rail and fleet technical issues. Support is provided to heavy maintenance facilities.

New Vehicles

Oversee the purchase of all new rail vehicles for the Authority. Manage the procurement, production, inspection, acceptance, and contract deliverables (e.g. spare parts, manuals, and warranty administration) for various rail vehicle contracts.

CONTROL CENTER

The Control Center is a centralized facility that manages the safe and efficient movement of all of SEPTA's operating modes and provides customer service alerts to our passengers. All Control Center functions and associated equipment are located at SEPTA's 1234 Market Street headquarters on the 19th floor. The Control Center personnel are responsible for ensuring that SEPTA's established service levels are maintained 24 hours a day, 7 days a week. The Control Center functions include:

Subway/Elevated Control

Train Dispatchers control the Market-Frankford Subway Elevated (MFL) and the Broad Street - Ridge Avenue Subway (BSL).

On the MFL, the train dispatcher can view the status of the entire line on a model board. Train Dispatchers have remote control over all thirteen (13) interlockings via the computer system. These thirteen include: Bridge, Erie-Torresdale, Allegheny, Huntingdon, Berks, Spring Garden, 5th Street, 15th Street, 30th Street, 40th Street, 52nd Street, 63rd Street, and 69th Street.



On the BSL, Train Dispatchers have a model board and supervisory control over all the interlockings, including: Fern Rock Yard, Olney, Erie, Fairmount, Walnut-Locust, Snyder, Patterson, and 8th & Market.

Light Rail Trolley Control

The Light Rail Trolley Controller utilizes a combination of radio consoles and computerized control systems to manage the six Center City trolley lines and the Routes 101 and 102 Media/Sharon Hill lines. A Communications-Based Train Control (CBTC) system tracks trolley location and control to the Center City subway portion and GPS systems have been installed to track trolleys on the street.

Controllers of the Route 100 Norristown High Speed Line have total supervisory control and complete monitoring capability of the line. The SCADA system providing this control includes both computer terminals and an overview screen.

Bus Control

The Bus Control Center utilizes a Computer-Aided Radio Dispatch (CARD) system to communicate with the entire bus fleet as well as supervisory and maintenance vehicles. The communications infrastructure includes 6 radio towers and a trunked radio system that has 7 voice channels and 2 data channels. All vehicles have Automatic Vehicle Location (AVL) systems.

Railroad Control

The Railroad Control Center utilizes a Centralized Train Control System to provide real-time information and control functions to the 19th floor. Six (6) train dispatchers have the responsibility to operate switches and display signals on SEPTA-controlled territory, managing the movement of 780 scheduled trains a day.

Control Center Information

Control Center Information Managers and Passenger Service Specialists monitor real-time service delays and provide instant updates to customers through a variety of communication media. From station announcements and updates to the web-site to posts on Twitter and PA Ready Notify, the Control Center Information staff keeps our customers informed of real-time service disruptions.

Command Center

The Command Center serves as the central coordination room that allows SEPTA staff to manage all emergencies and major service disruptions.

The following Control Center Operations areas are also part of SEPTA's centralized Control Center facility but report to different Chiefs in the organization:

- Railroad Power Dispatching
- Subway/Light Rail Power Dispatching
- Police Radio Room
- Customized Community Transportation



CUSTOMIZED COMMUNITY TRANSPORTATION (CCT)

Customized Community Transportation (CCT) is responsible for the operation of SEPTA's two demand response services, ADA Paratransit and Shared Ride Program transportation. This full service operation, from advance reservations and customer service to shared trip completion, operates under the name "CCT Connect". It coordinates development of Requests for Proposals to contract for private operation of new services and provides for the efficient administration of existing contract carrier operations.

CCT coordinates SEPTA's compliance with the Americans with Disabilities Act (ADA) as it pertains to service, equipment and facilities, advising other operating departments on implementing accessible fixed-route service, and facility improvements. It serves as liaison between other SEPTA Divisions and the SEPTA Advisory Committee for Accessible Transportation (SAC).

CCT also oversees the Authority's customized small bus operations and public-private partnerships via its Contract Operations Department.

CCT Connect

ADA Services

Provide advance-reservation, ride-sharing paratransit service for eligible disabled riders in Bucks, Chester, Delaware, Montgomery, and Philadelphia counties.

Shared Ride Program (SRP)

Provide advance-reservation, ride-sharing transportation for Philadelphia County riders age 65 and older, regardless of income or disability status.

Contract Operations

Breeze

Operates SEPTA's small bus service known as the Horsham "Breeze". This service provides transportation designed to meet the needs of employers in SEPTA's suburban service area.

LUCY

Operates a fixed route bus loop in the University City area of West Philadelphia. The service is funded by subsidies from the University City District and operates weekdays between 7:00 a.m. and 7:00 p.m.

Cornwells Heights Shuttle

Operates a small bus shuttle within the 1,600-space park-and-ride lot at Cornwells Heights train station.

Contracted Services

Provides management oversight and compliance of contracts between SEPTA and third party providers of fixed route services (Routes 204 and 205).



REGIONAL RAIL

Oversee all transportation, customer service, station operation, service planning, ticket sales, and on-board fare collection and parking for the railroad system. The Regional Rail system includes 280 route miles on 13 lines or branches. Approximately 780 trains service a total of 155 stations per average weekday.

Parking

Pursue opportunities to expand parking spaces and function as the central coordinator for all parking related issues. Responsible for managing third party contractors for maintenance on all lots and garages. Actively seek land acquisitions to develop and expand various parking lot capacities. Manage over 26,000 parking spaces and directly handle all coin and electronic cash collection from SEPTA owned meters, slot boxes, and pre-paid permits.

SUBWAY-ELEVATED

Transportation

Subway-Elevated Transportation is organized into two sections: Market–Frankford Subway-Elevated (MFL) and Broad Street Subway (BSL).

The MFL operates 380 revenue trains each weekday between the Frankford Transportation Center and the 69th Street Terminal. The BSL operates 598 revenue trains each weekday between the Fern Rock Transportation Center and AT&T Station as well as along the Ridge Avenue Spur.

Station Cleaning

The Subway-Elevated stations group oversees the cleaning of 28 Market-Frankford Subway-Elevated stations, 25 Broad Street Subway, and 8 trolley stations.

SURFACE TRANSPORTATION

Operate surface transit modes throughout the five county service area with service originating from nine operating locations in the region. Each operating district has full responsibility for transportation service of the transit fleet in that location.

The nine operating districts operate a total of 118 bus, 3 trackless trolley routes, 8 trolley (light rail) routes, and 1 interurban high speed (heavy rail) line. It should be noted that the number of bus routes identified by operating district in this section differs from the total number reported elsewhere, due to 14 bus routes that are operated out of more than one district as operating conditions necessitate. These are the 9 operating districts in Surface Transportation:

1. **Allegheny** - operates 8 bus routes
2. **Callowhill** - operates 12 bus routes, in addition to trolley (light rail) Routes 10 and 15
3. **Comly** - operates 14 bus routes
4. **Elmwood** - operates trolley (light rail) Routes 11, 13, 34, and 36
5. **Frankford** - operates 13 bus routes and 3 trackless trolley routes
6. **Midvale** - operates 24 bus routes
7. **Southern** - operates 18 bus routes
8. **Frontier** - operates 22 bus routes
9. **Victory** - operates 20 bus routes, 2 trolley (light rail) Routes 101 and 102, and 1 heavy rail Route 100



VEHICLE EQUIPMENT MAINTENANCE

BUS VEHICLE MAINTENANCE

Oversee all maintenance aspects for bus, trackless trolley, and non-revenue fleets and responsible for bus and utility vehicle preventive maintenance overhauls.

Consists of the following nine locations:

- Six (6) maintenance locations in the Philadelphia area
- Victory in Delaware County
- Frontier in Montgomery County
- Contract Operations located in the Germantown section of Philadelphia

These nine locations are responsible for all aspects of daily maintenance, cleaning, inspection, and servicing for a fleet of over 1,450 vehicles.

Automotive Backshops

Perform overhaul and heavy maintenance activities on bus, trackless trolley, and non-revenue utility vehicle fleets.

RAIL VEHICLE MAINTENANCE

Oversee all maintenance aspects for light rail, subway-elevated, and railroad fleets and responsible for rail vehicle preventive maintenance overhauls.

Rail Equipment Maintenance

Perform programmed vehicle and component overhauls of various rail fleets as well as the inspection, maintenance, and running repairs of the following rail fleets:

- MFL M-IV fleet at the 69th Street and Bridge Street Car Houses
- Media-Sharon Hill Line LRV fleet at the MSHL Shop at 69th Street
- Norristown High Speed Line N5 fleet at the NHSL Shop at Victory Avenue
- BSL B-IV fleet at the Fern Rock Car House
- Subway/Surface LRV fleet at the Callowhill and Elmwood Shops
- Route 15 PCC-II fleet at the Callowhill Shop
- The following backshops perform vehicle component overhauls:
 - 69th Street Shop
 - 69th Street Motor Shop
 - Fern Rock Shop
 - Woodland Shop

Railroad Shops and Yards

Provide all maintenance and overhaul activities on the railroad car fleet. The fleet is comprised of SL-IV and SL-V EMU (electric multiple unit) cars and coaches (push-pull) propelled by AEM-7 electric locomotives. Shop locations include:

- Overbrook
- Roberts Yard
- Wayne Electric Car Yard
- Powelton Yard
- Frazer



Fiscal Year 2018 Goals & Business Initiatives

GOALS	BUSINESS INITIATIVES
<p>I. Improve Customer and Employee Safety and System Security</p>	<ul style="list-style-type: none"> a) Improve the safety culture at SEPTA. Safety is the foundation for all that we do. b) Reduce the incidence of signal violations across all modes. c) Support the LSC/JHSC process and address deficiencies identified in a timely fashion. d) Support ongoing efforts to update the current Personal Protective Equipment (PPE) Policy. e) Address attendance issues on all modes in conjunction with Labor Relations. f) Continue to support efforts to provide full Positive Train Control (PTC) implementation on SEPTA territory by the end of 2017. g) Comply with the recently obtained FRA Door Waiver. h) Work to achieve success on the new C3RS (Confidential Close Call Reporting System) initiative. i) Maintain a year-round emphasis on reducing the incidence of falls into the track area. j) Reduce the incidence of operator assaults, especially those that are physical in nature. k) Bring the Silverliner V equalizer beam issue safely to a close. l) Contract for third party inspections of random vehicles from each fleet. m) Continue improvement of new trip-stop system to be utilized on the NHSL to better protect Roadway Workers. n) Advance implementation of audible bus turn warning system. o) Implement bus operator refresher safety program on three-year cycle, including a module on human trafficking. p) Initiate annual randomized third-party inspections of vehicles from each fleet. q) Reduce track-area falls by 25% vs. CY 2016 baseline.



GOALS	BUSINESS INITIATIVES
	<ul style="list-style-type: none"> r) Reduce signal violations by 25% vs. CY 2016 baseline and provide monthly updates on progress. s) Continue pedestrian awareness campaign. t) Reduce lost-time across all modes by 2% vs. FY 2016 baseline.
<p>II. Improve Service Quality and Customer Satisfaction</p>	<ul style="list-style-type: none"> a) Support the Railroad Service Reliability Program. Major elements include: improved scheduling of service, intensified Amtrak coordination efforts, better communication with customers, increasing qualified locomotive engineer headcount to 213, continuation of dispatcher training and mentoring efforts, and creation of a conductor training initiative. b) Improve cleaning efforts, including a greater emphasis on “hot spot” cleaning at shorter intervals for bench areas (around trash cans and in stairways). c) Work to decrease the downtime of escalators. d) Support efforts to increase the peak capacity of the MFSE Line. e) Monitor the performance of contracted third party CCT service providers. f) In conjunction with the Office of Innovation, assemble a report on best practices for CCT service from across the country. Make recommendations for both improvements to service and possible cost saving opportunities where appropriate. g) Monitor MDBF performance of all vehicles and aggressively address adverse trends as they arise. Look for opportunities to improve performance, including the review of best practices from other transit agencies. h) Prepare facilities and provide Ambassador support for major events in FY 2018, including: Flower Show (March), Safety Day (April), Broad Street Run (May), and Welcome America (July). i) Manage and plan for outages to minimize customer disruption, including: Trolley Tunnel Blitz, City Hall Station, and 15th Street Station. j) Extend personal companion care ridership privileges to fixed-route service.



GOALS	BUSINESS INITIATIVES
III. Support Capital Improvement Projects	<ul style="list-style-type: none"> a) Continue to support expanded capital construction activities across the system. Bus substitution efforts must be high quality. b) Support planning and preliminary engineering efforts for the trolley modernization program. c) Continue to implement MFL capacity enhancement initiatives, such as interior reconfiguration and conceptual study for 8-car platforms. d) Support the roll-out of the SEPTA Key.
IV. Improve Employee Satisfaction and Develop a Highly Qualified Staff	<ul style="list-style-type: none"> a) Support the Women-In-Trades initiative. b) Work to provide improved training for new managers. c) Accomplish bus operator refresher training, include a segment on Human Trafficking in the training. d) Extend Cleaner Recognition Program to new groups, including B&B and City cleaners. e) Continue to promote employee volunteerism through participation in Philly Spring Clean-up (April), Philabundance (June), and Yuletoy Drive (December).
V. Improve Productivity and Cost Effectiveness	<ul style="list-style-type: none"> a) Quantify and carefully develop a program to reduce fare evasion across all modes. b) Support recycling efforts as well as other critical sustainability initiatives. c) Continue with efforts to foster data driven management decision making. Work to create or improve data dashboards for the various groups in Operations. d) Support efforts to reverse a loss of ridership experienced on portions of the Surface network. e) Support efforts to launch the new Direct Bus initiative for Roosevelt Boulevard service.
VI. Support the Authority's Ridership Growth Efforts	<ul style="list-style-type: none"> a) Advance ongoing vehicle procurements: <ul style="list-style-type: none"> • 525 hybrid bus order with New Flyer • Pilot contract for 25 battery-electric buses with Proterra • 15 ACS 64 electric locomotives from Siemens • 45 Multi-level cars for Regional Rail



GOALS	BUSINESS INITIATIVES
	b) Fast-track Frazer Shop Improvement Program to prepare for new push-pull fleet.
VII. Support the Authority's Implementation of New Payment Technologies	<ul style="list-style-type: none"> a) Continue rollout of SEPTA Key for City and Suburban transit. b) Continue to work with Communications/ Marketing, Government Affairs, and Press Relations to develop and implement a comprehensive communications plan for the SEPTA Key
VIII. Nurture Stakeholder Relationships	<ul style="list-style-type: none"> a) Work to improve the relationships with disabled groups, such as Liberty Resources and ADAPT.



Fiscal Year 2017 Accomplishments

Prior Year Goal	Accomplishments
<p>I. Improve Customer and Employee Safety and System Security</p>	<ul style="list-style-type: none"> • Implemented a plan for improving customer communications and response during service interruptions and major special events. • Implemented process of continual scheduling adjustments for Regional Rail. • Prepared facilities and provided Ambassador support for major special events, including: Philadelphia Flower Show, NFL Draft, Broad Street Run, Spring Clean Up, Philabundance, and Democratic National Convention. • Produced informational video for SEPTA workforce addressing terrorism identification and response. • Conducted regular safety meetings and supported the Joint Health and Safety Committee (JHSC) Process. • Analyzed movement of vehicles in all districts, shops and garages, particularly in the bays, and made recommendations to improve vehicle speed compliance. • Focused on the reduction of signal violations and work zone incursions/violations. • Conducted a pedestrian awareness campaign. • Enhanced the Vehicle Quality Assurance and Quality Control Program with focus on safety critical items. • Reduced lost time injuries and accident rates by analyzing accident and injury data to identify high risk.
<p>II. Improve Service Quality and Customer Satisfaction</p>	<ul style="list-style-type: none"> • Designed and implemented a plan to more effectively communicate bus route detours. • Expanded the audit of passenger communications equipment functionality to ensure every station is tested each month. • Expanded the use of TECT (Targeted Enforcement and Compliance Team) focusing on specific operators and high profile rules. • Evaluated the impact of Regional Rail PTC (Positive Train Control) on Operations including throughput speeds, running times, and signal clearance times. • Created a "Clean in 2017" station campaign that focuses on cleanliness around benches, trash cans, and stairways. • Conducted the Customer Impact Program for city station cleaners. • Developed improvements in CCT's patron eligibility process.



Prior Year Goal	Accomplishments
III. Improve Productivity and Cost Effectiveness	<ul style="list-style-type: none"> • Developed the Fleet Management Plan and monitored its effectiveness towards maximizing the utilization of all fleets. • Managed warranty compliance in specifications for SEPTA's new bus procurement contracts with OEMs and suppliers. • Advanced the evaluation of innovative vehicle technologies, focusing on energy savings. • Continued the conversion of incandescent to LED lights on bus and fleet. • Researched vehicle material upgrades to increase fleet durability and reliability. • Advanced technologies to support extended low voltage DC battery life.
IV. Support Capital Improvement Projects	<ul style="list-style-type: none"> • Supported the modernization of the CBTC (Communications-Based Train Control) system on the MSHL. • Coordinated the impact of construction with alternate substitute transportation to minimize customer and service disruptions.
V. Improve Employee Satisfaction and Develop a Highly Qualified Staff	<ul style="list-style-type: none"> • Awarded a contract for Regional Rail simulators to be utilized by Training Department. • Proactively addressed organizational turnover. • Continued incremental improvement to workforce diversity among the organization. • Focused on BLET engineer hiring and training to fully staff budgeted headcount. • Worked with Labor Relations to develop and conduct workshops designed to increase and improve managers' expertise in contract compliance, discipline assessment, and grievance handling.
VI. Support the Authority's Ridership Growth Efforts	<ul style="list-style-type: none"> • Awarded contract for 525 hybrid-electric buses. • Awarded contract for 25 battery-electric buses, pending receipt of low or no emissions grant funding. • Advanced contract for CCT Paratransit vehicles. • Completed 22 Bombardier push-pull overhauls by vendor Hyundai-Rotem. • Opened bids for 45 multi-level railcars and awarded contract. • Achieved key VOH production goals. • Publish trolley modernization feasibility and clearance studies in preparation for infrastructure upgrades. • Awarded first major contract for Frazer yard improvements. • Conducted trolley tunnel blitz.



Prior Year Goal	Accomplishments
<p>VII. Support the Authority's Implementation of New Payment Technologies</p>	<ul style="list-style-type: none"> • Continued rollout of SEPTA Key for City and Suburban transit. • Worked with Communications/ Marketing, Government Affairs, and Press Relations to develop and implement a comprehensive communications plan for SEPTA Key. • Supported the advancement of the SEPTA Key Program.
<p>VIII. Nurture Stakeholder Relationships</p>	<ul style="list-style-type: none"> • Conducted periodic briefings with state, local, and federal officials. • Conducted periodic briefings with Citizen Advisory Committee, Youth Advisory Committee, SEPTA Advisory Committee on Accessible Transportation, and other key stakeholder groups. • Continued working with Philadelphia Streets Departments, MOTU, DVRPC, Service Planning, and PennDOT towards the implementation of the Traffic Signal Prioritization (TSP) initiative on Routes 6, 11, 52, 8, 60, and 66.

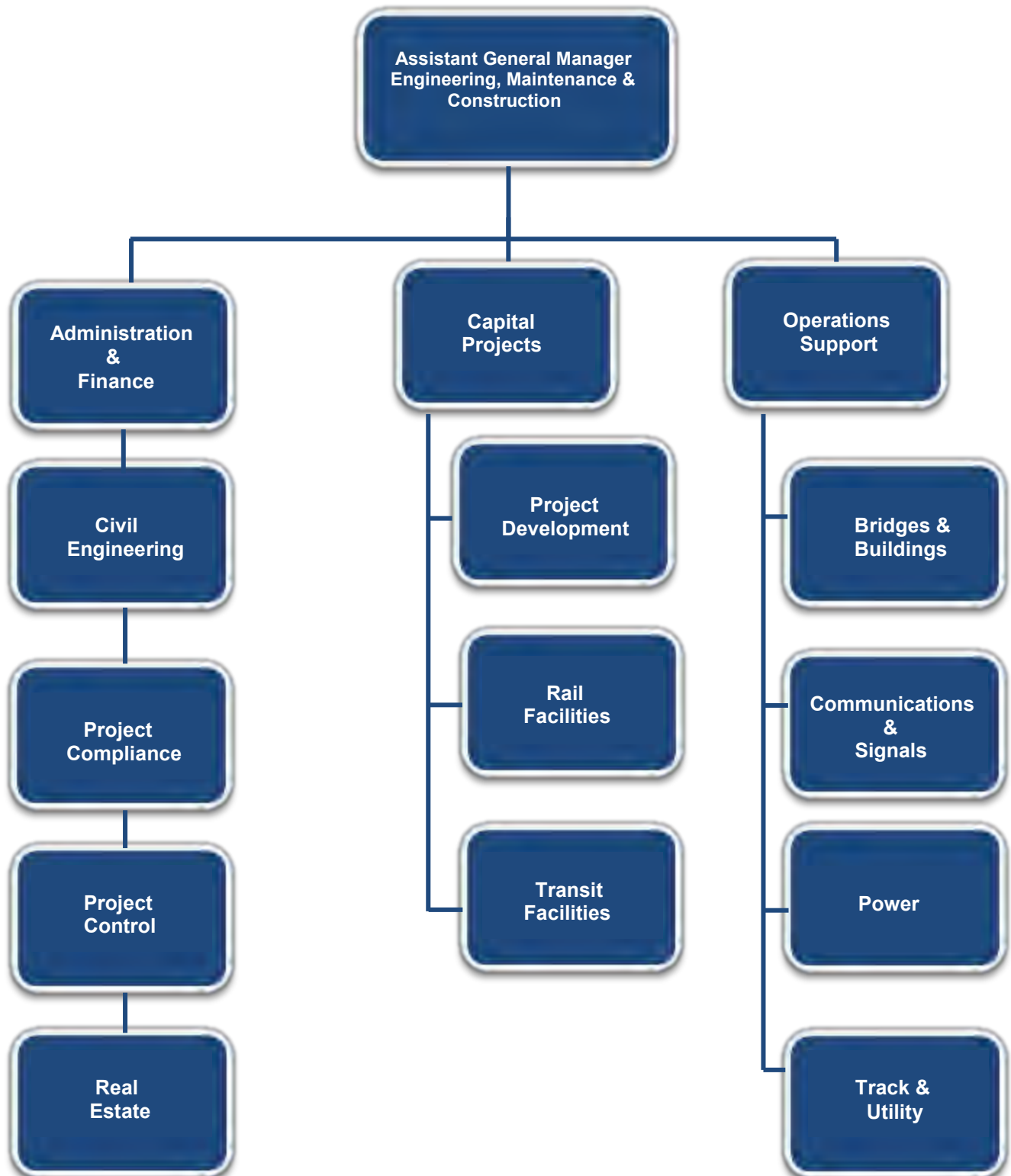


Engineering, Maintenance & Construction



Engineering, Maintenance & Construction

The Engineering, Maintenance & Construction (EM&C) Division is responsible for all engineering and maintenance related to the Authority's stations, buildings, bridges, track, communications, and signal and power systems. The Division is also responsible for capital construction of both transit and railroad facilities and right-of-way elements.





Headcount

Operating Heads	Mgmt.	Clerical	Maint.	Total
Administration & Finance	2	-	-	2
Capital Projects	1	-	-	1
Civil Engineering	4	1	-	5
Operations Support	174	64	804	1,042
Project Compliance	-	-	-	-
Project Control	-	-	-	-
Real Estate	11	4	-	15
Total Operating Heads	192	69	804	1,065

Capital Heads	Mgmt.	Clerical	Maint.	Total
Administration & Finance	6	-	-	6
Capital Projects	40	-	-	40
Civil Engineering	4	-	-	4
Operations Support	95	7	299	401
Project Compliance	2	-	-	2
Project Control	8	-	-	8
Real Estate	-	-	-	-
Total Capital Heads	155	7	299	461

Total Heads	Mgmt.	Clerical	Maint.	Total
Administration & Finance	8	-	-	8
Capital Projects	41	-	-	41
Civil Engineering	8	1	-	9
Operations Support	269	71	1,103	1,443
Project Compliance	2	-	-	2
Project Control	8	-	-	8
Real Estate	11	4	-	15
Total Heads	347	76	1,103	1,526

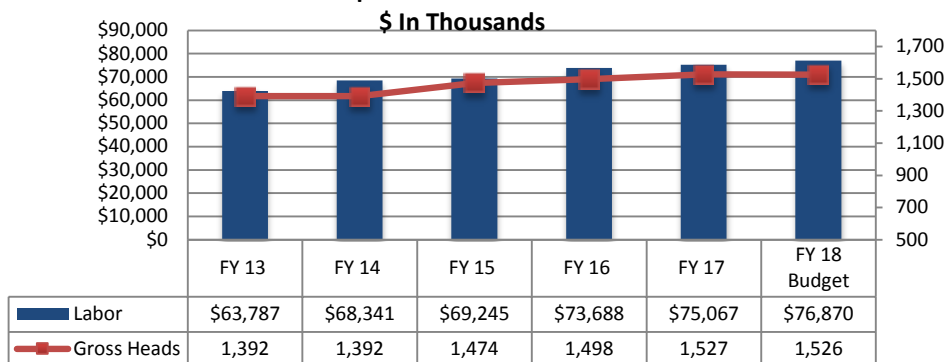


Budget

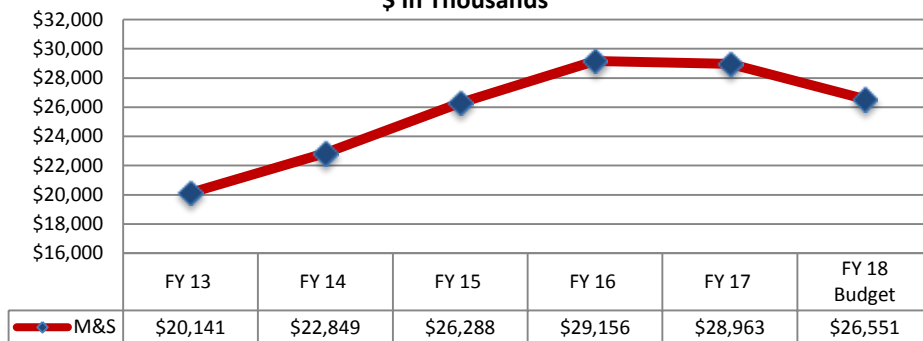
Amounts in Thousands (,000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration & Finance	\$ 463	\$ 49	\$ 512
Capital Projects	-	6	6
Civil Engineering	346	95	441
Operations Support	74,511	22,941	97,452
Project Compliance	-	-	-
Project Control	642	17	659
Real Estate	908	3,443	4,351
TOTAL	\$ 76,870	\$ 26,551	\$ 103,421

Engineering, Maintenance & Construction Labor Expense & Gross Heads Trend



Engineering, Maintenance & Construction Material & Services Trend



Note: Telephone expense was transferred to Non-Departmental Utilities in FY 2016.



Engineering, Maintenance & Construction

Principal Responsibilities

ADMINISTRATION & FINANCE

Coordinate and manage the financial and administrative activities for the Engineering, Maintenance & Construction Division. Primary responsibilities include: the division's operating budget; ISRP development, analysis and reporting; Human Resource administration; Contract Management; and Asset Maintenance Management System development.

CAPITAL PROJECTS

Project Development

Develop conceptual designs, cost estimates, and Request for Proposal documents for design projects. Manage the awarded design projects through to completion of design phase. Provide cost estimating services for Divisional projects.

Rail Facilities

Manage the engineering and construction of capital projects for fixed plant facilities, including improvements to stations, track, signals, bridges, and parking facilities for railroad operations.

Transit Facilities

Manage the engineering and construction of capital projects for fixed plant facilities, including improvements to stations, maintenance facilities, and garages for transit operations.

CIVIL ENGINEERING

Provide civil engineering services for all maintenance and renewal projects. Coordinate and provide oversight for public agency, utility, and private work on, over, or adjacent to SEPTA's right-of-ways.

OPERATIONS SUPPORT

Bridges and Buildings

Provide structural, architectural, and mechanical engineering services. Perform all major force account construction projects and maintenance of stations, buildings, bridges, maintenance shops and electrical/mechanical infrastructure. Perform regular inspection of all bridges, tunnels, buildings, other structures, and fixed plant infrastructure.

Communications and Signals

Perform regular inspection, testing, maintenance, and reconstruction of the signal system. Provide engineering and design services for all signals and communications maintenance and renewal projects. Perform all radio, telecommunications, and railroad communication maintenance. Manage the engineering and construction for capital projects for communication and signals infrastructure.



Engineering, Maintenance & Construction

Power

Perform regular inspection, maintenance, and reconstruction of electric traction and signal power systems and electrical infrastructure. Provide engineering and design services for all related maintenance and renewal projects. Manage engineering and construction for capital projects for power and electrical infrastructure.

Track and Utility

Perform inspection, maintenance, and reconstruction of track and right-of-way areas. Provide track engineering and design services for all maintenance and renewal projects. Operate Track Shop to support Authority's requirements for routine and specialty track design and fabrication. Operate Midvale Utility Group, which oversees the use of non-revenue and utility vehicles.

PROJECT CONTROL

Provide budgeting, cost control, scheduling, claims management, and capital program systems support to project management staff. Responsible for the centralized monitoring and reporting of SEPTA's Capital Spending Program, including the publication of the monthly Fiscal Year Capital Performance Report and the annual Fiscal Year Capital Spending Forecast for the Authority.

PROJECT COMPLIANCE

Provide Quality Assurance/Quality Control and oversight for the capital program. Responsible for the development and implementation of document control procedures and Project/Construction Management Standards. Also prepares submittals for environmental and historical regulatory approvals.

REAL ESTATE

Property Development and Acquisition

This unit within the Real Estate Department manages real property dealings on behalf of the Authority, including carrying-out activities pertaining to the acquisition, development, leasing, and sale of SEPTA-owned properties. Department staff also works with external parties in the joint development of leased properties, undertaking of public improvements, the establishment of revenue generating utility occupancy arrangements, and the transaction of land and facility acquisitions that provide for and support infrastructure and ridership enhancements.

Headquarters" Support Services Management/Administration

This unit oversees office space planning, design and implementation, and day-to-day facilities management (performed by third party contractors) for SEPTA Headquarters at 1234 Market Street. Unit staff acts as liaison with contracted building operations management and SEPTA in-house labor. Coordinating the utilization of pool vehicles and the administration of all contracted vendateria services are also conducted by the staff of this unit.



Engineering, Maintenance & Construction

Asset Management

The key responsibility of the Asset Management unit is the use and maintenance of the Real Estate Management System which stores, organizes, and makes available an electronic version of real property documents, diagrams, and maps. The system can provide a property inventory, automated contract administration cues, and the generation of qualitative and quantitative reports.

Mail and Document Reproduction Services

This unit manages the operation of the mail room and the performance of mail services in compliance with the applicable labor contract and U.S. Postal requirements. Staff also oversee and manage centralized document reproduction services.

SUPPORT SERVICES

Support Services manages and supports all of EM&C's external and internal customer service efforts ensuring that all EM&C departments are responsive, aware of, and sensitive to issues affecting customers, neighbors, and stakeholders. Responsible for serving as a liaison with all external and internal customers outside EM&C. Support Services also provides ongoing maintenance of employee locations that have received Facilities Improvement Team (FIT) remodels, ensuring that this substantial investment in workplace quality and morale is continually improved throughout the Authority.



Fiscal Year 2018 Goals & Business Initiatives

GOALS	BUSINESS INITIATIVES
I. Rebuilding the System	<ul style="list-style-type: none"> a) Control capital project spending by keeping costs within budget. b) Achieve targets for major Capital Project milestones for all Architectural and Engineering and construction projects. c) Pursue Project Control initiatives and General Engineering Consultant (GEC) contracts. d) Commence, advance, and complete all scheduled Engineering, Maintenance & Construction Division ISRP projects. e) Maintain State of Good Repair database to provide a capital asset inventory and an analysis of capital investment backlog and investment alternatives. f) Advance design and construction projects under Building the Future Program, including new traction power substations, bridge and viaduct replacements/rehabilitations, station improvements, and maintenance facility roof replacements.
II. Sustainability	<ul style="list-style-type: none"> a) Promote cost effective implementation of sustainability projects by incorporating Leadership in Energy and Environmental Design (LEED) and Energy Star design standards while adhering to budgets. b) Manage capital investments to reduce long term utility costs by completing energy efficient lighting improvement projects. Advance Guaranteed Energy Savings Projects (ESCO). Conduct energy audits to determine additional savings opportunities. c) Continue to improve the Authority's recycling program at stations and operating locations. d) Continue to harden infrastructure to combat severe weather. e) Advance Combined Heat and Power (CHP) project.



GOALS	BUSINESS INITIATIVES
III. Safety and Security	<ul style="list-style-type: none"> a) Conduct internal and external Safety Days to focus on employee and rider/public safety issues. b) Advance system modernization projects including ATC/PTC (Railroad and Media/Sharon Hill), railroad and transit substations, and 30th to Arsenal catenary, signals and interlocking improvements. c) Insure ongoing infrastructure maintenance by insuring strict compliance with all mandated standards, agency regulations and internal policies and procedures for rail and transit safety. Regular inspections and preventive maintenance to be performed in accordance with all codes, regulations and OEM recommendations. d) Measure and monitor employee Injuries on Duty (IOD) Lost Time and establish target for future reductions.
IV. Expand System Capacity	<ul style="list-style-type: none"> a) Advance projects that support ridership growth. b) Advance Frazer Shop Expansion and Elwyn-Wawa service restoration.
V. Customer Service	<ul style="list-style-type: none"> a) Support customer service related operating and maintenance projects including: railroad snow removal, cleanliness of facilities, loops, and stations, maintenance blitzes at multi-modal transportation centers, maintenance to elevators and escalators to meet reliability targets, timely response to Veritas reports/Customer Service issues, and the coordination of maintenance and construction activities to minimize track outages. b) Support customer service related capital projects such as construction at Villanova Station, Levittown Station, and 15th Street.
VI. New Technologies	<ul style="list-style-type: none"> a) Pursue communications-based technological upgrades including Positive Train Control (PTC), wireless delivery of real time service information, cell phone access in SEPTA tunnels, Wi-Fi internet access hotspots, and new asset management software.



GOALS	BUSINESS INITIATIVES
<p>VII. Human Capital Development</p>	<ul style="list-style-type: none"> a) Minimize employee turnover and improve hiring process management. b) Implement and encourage employee training through a Rapid Assimilation Program for new engineers, an elevator/escalator maintenance apprentice program, and full utilization of internal management training seminars. Support the AIM training and succession planning program. c) Assist the Division's Professional Engineers in obtaining continuing education credits required to maintain Pennsylvania licensure. d) Review and update at least 50% of the relevant skills qualification tests administered by the Testing Center.



Fiscal Year 2017 Major Accomplishments

Prior Year Goal	Accomplishments
I. Rebuild the system	<ul style="list-style-type: none"> • Replaced Crum Creek Viaduct • Rehabilitated 9 stone arch bridges and 3 Media/Elwyn viaducts • Completed the rehabilitation of Morton, Lenni, and Clifton-Alden substations
II. Sustainability	<ul style="list-style-type: none"> • Advanced ESCO Projects • Advanced Combined Heat and Power Project • Advanced Southern Depot stormwater improvements partnering with the Philadelphia Water Department (PWD)
III. Safety and Security	<ul style="list-style-type: none"> • Advanced the design of grade separated pedestrian access and station improvements at Lawndale Station • Implemented Positive Train Control (PTC)
IV. Expand System Capacity	<ul style="list-style-type: none"> • Advancing Elwyn to Wawa service restoration project with anticipated start of construction in CY18 • Lansdale Parking Garage was completed and opened for customer parking April 17, 2017
V. Customer Service	<ul style="list-style-type: none"> • Advancing ADA station improvements at MFSE 40th Street, 15th Street, Margaret-Orthodox Stations, and RRD stations at Yardley, Fortuna, Levittown, Exton, Secane, Villanova, Bala, and Wynnefield (all under construction)
VI. New Technologies	<ul style="list-style-type: none"> • Installing bridge monitoring program on 3 Media/Elwyn viaducts • Asset Management Program implemented, with Infrastructure Maintenance Management System to come online in the Fall 2017
VII. Human Capital Development	<ul style="list-style-type: none"> • Rapid Assimilation Program for new EM&C management and administration employees • Supervising Hourly Employees Program • Tour de EM&C Program



Deputy General Manager/Treasurer

Deputy General Manager/Treasurer Organization Chart



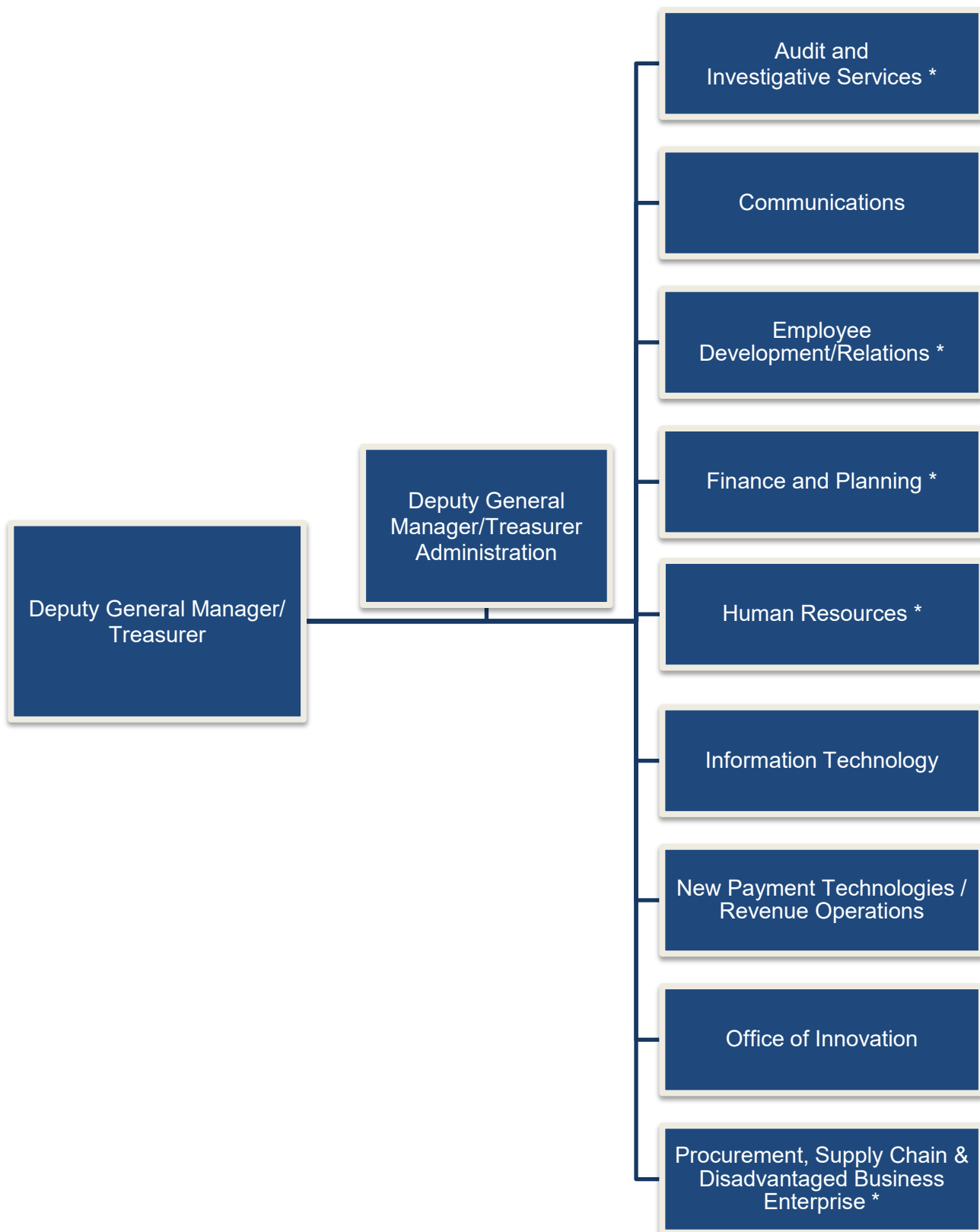
Overview

The Deputy General Manager/Treasurer's Staff includes divisional assistant general managers and department chiefs who are responsible for various administrative functions that support the operations of the Authority.

The Deputy General Manager/Treasurer's Staff includes five departments that are reported upon in this section, namely Deputy General Manager/Treasurer Administration, Communications, Information Technology, New Payment Technologies/Revenue Operations, and Office of Innovation.

There are five divisions with assistant general managers who report within Deputy General Manager/Treasurer Administration Department. The divisions they are responsible for include: Audit and Investigative Services, Employee Development/Relations, Finance and Planning, Human Resources, and Procurement, Supply Chain & Disadvantaged Business Enterprise. Details concerning these five divisions are summarized separately within this document.

Deputy General Manager/Treasurer Organization Chart



The Deputy General Manager/Treasurer has five divisions and five departments that are direct reports.
* Indicates divisions which are reported separately in this proposal.

Deputy General Manager/Treasurer



Headcount

Operating Heads	Mgmt.	Clerical	Maint.	Total
Deputy General Manager/Treasurer Administration	9	-	-	9
Communications	10	5	3	18
Information Technology	66	5	-	71
New Payment Technologies / Revenue Operations	93	47	48	188
Office of Innovation	5	-	-	5
Total Operating Heads	183	57	51	291

Capital Heads	Mgmt.	Clerical	Maint.	Total
Deputy General Manager/Treasurer Administration	1	-	-	1
Communications	-	-	-	-
Information Technology	-	-	-	-
New Payment Technologies / Revenue Operations	11	-	-	11
Office of Innovation	-	-	-	-
Total Capital Heads	12	-	-	12

Total Heads	Mgmt.	Clerical	Maint.	Total
Deputy General Manager/Treasurer Administration	10	-	-	10
Communications	10	5	3	18
Information Technology	66	5	-	71
New Payment Technologies / Revenue Operations	104	47	48	199
Office of Innovation	5	-	-	5
Total Heads	195	57	51	303



Budget Amounts in Thousands (,000)				
		<u>Net</u>	<u>Material</u>	<u>Total</u>
		<u>Labor</u>	<u>& Services</u>	
Deputy General Manager /Treasurer Administration	\$	1,402	\$ 20	\$ 1,422
Communications		1,233	1,112	2,345
Information Technology		5,869	5,596	11,465
New Payment Technologies & Revenue Operations		11,866	2,116	13,982
Office of Innovation		329	580	909
TOTAL	\$	20,699	\$ 9,424	\$ 30,123

Principal Responsibilities

COMMUNICATIONS

Responsibilities include internal and external communications, including the development of customer information, brochures, posters and notices, system signage, way-finding information, and maps. Manage the content, graphics, navigation, and editorial content for SEPTA's public website and social media outlets. Develop new customer features and format for public website including real time service information and smart phone apps. Responsible for the redesign and editorial content of the Authority's employee Intranet site. Also responsible for preparing testimony, speeches, articles, General Manager communications, with employees and other correspondence. Direct the Art in Transit program. Manage Graphics, Printing Services, the Sign Shop, Fulfillment Services and Communications.

Print Services and Sign Shops

Serve as the internal production operations for Authority departments and operations. The Print Shop is responsible for printing approximately nine million transit schedules each year as well as customer brochures, posters, leaflets, maps, mass distribution employee memos, forms, corporate business cards, and stationery. The Sign Shop is responsible for producing facility and vehicle signs, decals, and banners, including system-wide transit stop signage.

Graphic Services

Provide creative concept, design, layout, and pre-production services for all departments in the Authority for a variety of projects including brochures, leaflets, posters, transit passes, maps, signage, marketing, and sales materials. Responsible for graphic design of SEPTA's Internet and Intranet sites including specialty micro-sites.



Fulfillment Services

Provide direct mail service to customers, internal SEPTA departments and constituents requesting bulk distribution of transit timetables, customer service notices, and other brochures and leaflets produced by the Authority. Manages timetable production contract.

Communications and Website Management

Responsible for all customer and employee communications initiatives, including all SEPTA service and project related information using a variety of tools such as web, video, and social media. This unit is also responsible for the design, content, and management of the SEPTA website and Authority social media tools.

INFORMATION TECHNOLOGY

Emerging & Specialty Technologies

Provide the short and long term strategy, direction, management and implementation of the core enterprise architecture and critical operations systems for the Authority. Manage new technologies and the support of Control Center specialty technology systems, real-time systems and public-facing applications. Responsible for the strategic design and development of advanced web applications to service SEPTA customers.

Project Services

Support the development, integration, and implementation of new software systems of business units throughout the Authority. Maintain and enhance existing systems Authority-wide. This section responds to application software problems.

Cyber Security

Manage and support the effort of protecting customer and employee data from intrusion or data breach. Engage cyber security committee meetings with key stakeholders that focus on business applications, enterprise databases, operational systems, and fare collection to ensure protocols and procedures are in place to minimize the threat of intrusions, malware, and data breaches on SEPTA systems. Work with outside agencies and professional affiliations, including law enforcement, to aid in understanding new cyber security risks/threats and determining what remedies are available to protect and minimize the impact.

Infrastructure Services

Provide computer operations stability and access security on a 7-day/24-hour basis including problem management, disaster recovery, technical infrastructure management/support and change control. Maintain the technology infrastructure necessary for business critical systems, including: enterprise e-mail services, internet/intranet access, payroll, materials management, general accounting, operations control centers, disaster recovery and business continuity. Support SEPTA's enterprise data communication systems and the entire microcomputer environment. Set standards for hardware and software used across the networks and install, support and maintain the entire data network infrastructure.

Records Management

Responsible for developing and implementing records management systems throughout the Authority, including record retention schedules, storage, retrieval, digital archiving, and destruction protocols.



Deputy General Manager/Treasurer

NEW PAYMENT TECHNOLOGIES / REVENUE OPERATIONS

Direct the multi-phase New Payment Technologies Project to transform SEPTA's aging revenue equipment into a modern, efficient, and convenient system for customer payment and agency collection of fare revenue.

Revenue Transportation

Manage the collection, transportation, and deposit of the Authority's passenger revenues and fare instruments.

Revenue Services

Ensure timely processing, counting, and reconciliation of the Authority's passenger revenue, as well as the distribution of fare instruments.

Revenue Equipment Maintenance and Engineering

Perform preventive maintenance and overhaul of the Authority's fare collection equipment and devices. Provide engineering and design support for the revenue system including specifications, drawings, equipment modifications, and system upgrades.

Revenue Compliance

Ensure the collection, handling, and processing of revenue is performed efficiently and safely.

Revenue, Audit and Control

Ensure that effective controls are in place to safeguard the Authority's revenue and assets.

OFFICE OF INNOVATION

Data-Driven Decision-Making

Work with business units through the "SEPTA Stat" process to develop, track, and report on key performance indicators that measure progress towards strategic goals and objectives. Consult with those business units to develop forward-looking master plans to better align policies, procedures and practices with SEPTA's Strategic Business Plan and "Building the Future" program.

Corporate Performance Management

Measure progress towards goals and targets pursuant to SEPTA's Strategic Business Plan for Fiscal Years 2015-2019 and its balanced scorecard of corporate key Performance indicators. The Key Performance Indicators are tracked and reported on a monthly, quarterly, and annual basis by a core team of representatives from each SEPTA division and then reported to the public through the SEPTA website at www.septa.org/strategic-plan.

Vision-Casting & Employee Engagement

Collaboratively develop forums for communication of SEPTA's strategic priorities to employees. Includes facilitating GM Team Site Visits, GM/DGM Breakfasts, and quarterly updates to The Roadmap Forward (a digital summary of corporate initiatives underway). Continue to develop PowerPoint presentation content for articulation of SEPTA's strategic priorities and vision for dissemination to stakeholder groups.



Innovation Teams, Including Sustainability

Executing strategic initiatives through the facilitation of collaborative, cross-departmental, multi-disciplinary teams focused on key themes associated with the SEPTA Strategic Business Plan and “Building the Future” program. Key focus areas include: Ridership Growth, Safety Culture, Cybersecurity, Procurement, Employee Communications, and Sustainability. For Sustainability, serves as both staff support and subject matter expert, managing key initiatives and updating progress through the SEPTA website at www.septa.org/sustain.

Fiscal Year 2018 Goals & Business Initiatives

GOALS	BUSINESS INITIATIVES
I. Improve Productivity and Cost Effectiveness	<ul style="list-style-type: none"> a) Establish Operations and EM&C Metrics Website, including Key Indicator metrics and safety statistics b) Continue to work towards reaching a mutually agreed-upon collective bargaining agreement with outstanding unions c) Continue to support SEPTA's sustainability initiatives
II. Nurture Stakeholder Relationships	<ul style="list-style-type: none"> a) Continue to participate and be engaged with initiatives and activities related to the American Public Transportation Association (APTA) and Pennsylvania Public Transportation Association (PPTA)
III. Implement Initiatives to promote maximum safety and security for our infrastructure, systems and personnel	<ul style="list-style-type: none"> a) Identify critical applications and systems and quantify Recovery Time Point Objectives and Recovery Point Objectives b) Harden Network and Computer Infrastructure against cyber-attacks or unauthorized intrusions on all systems connected to the SEPTA and Optical Transport Network (OTN). c) Implement Single Sign-On to enhance security and improve the user experience
IV. Ensure best-in-class service delivery to exceed customer expectations	<ul style="list-style-type: none"> a) Complete the Mainframe Integration Suite b) Improve functionality of the Interactive Voice Response (IVR) System c) Implement redundant strategies for critical systems for operations and customer facing systems d) Replace “Plan My Trip” option with “Trip Planner” on SEPTA’s website e) Create direct access link to the Procurement section of the “Doing Business with SEPTA” portion of the Internet to capture vendor questions, concerns, and comments



Fiscal Year 2017 Major Accomplishments

Prior Year Goal	Accomplishments
I. Improve Productivity and Cost Effectiveness	<ul style="list-style-type: none"> • Convened and provided staff support for the Procurement Innovation Team • Achieved SEPTA Board adoption of second-generation Sustainability Program Plan, SEP-TAINABLE 2020 • Managed management consulting tasks to evaluate SEPTA business processes and identify opportunities for improvement • Convened –SEPTA Stat” for performance management and supported divisional master planning efforts associated with the new process
II. Nurture Stakeholder Relationships	<ul style="list-style-type: none"> • Developed presentation content for GM presentations on SEPTA’s strategic priorities among stakeholder groups • Held sustainability roundtables and a public open house attended by more than 80 members of the general public • Continued to work with the City of Philadelphia to develop SEPTA route maps and service information panels based on structural changes to the transit shelter designs
III. Implement Initiatives to Promote Maximum Safety and Security for Our Infrastructure, Systems and Personnel	<ul style="list-style-type: none"> • Convened the Safety Culture Innovation Team & Cyber Security Innovation Teams; provided staff support for associated initiatives, such as the Safety Summit and Cyber Security Safety Day • Developed customer information outreach campaign for annual Make the Safe Choice – Safety Day program. Collateral materials including posters, handouts, video, and web game for children all focused on a safety theme
IV. Ensure Best-in-Class Service Delivery to Exceed Customer Expectations	<ul style="list-style-type: none"> • Worked with Operations Division on rethinking the interior configuration of the Market-Frankford Line railcars to improve capacity and the customer experience • Launched Early Adopters phase of new SEPTA Key Fare program. Developed special microsite with information about the Key program. Produced how-to videos for customers showcasing: the ease of using a reloadable contactless chip Key Card, putting SEPTA products on the Card at Fare Kiosks, and using the Card to travel on Transit services. Posters and brochures prepared as companion pieces to microsite.
V. Other	<ul style="list-style-type: none"> • Advanced comprehensive rebranding and wayfinding signage/map program to support improvements for the pedestrian concourse network in Center City



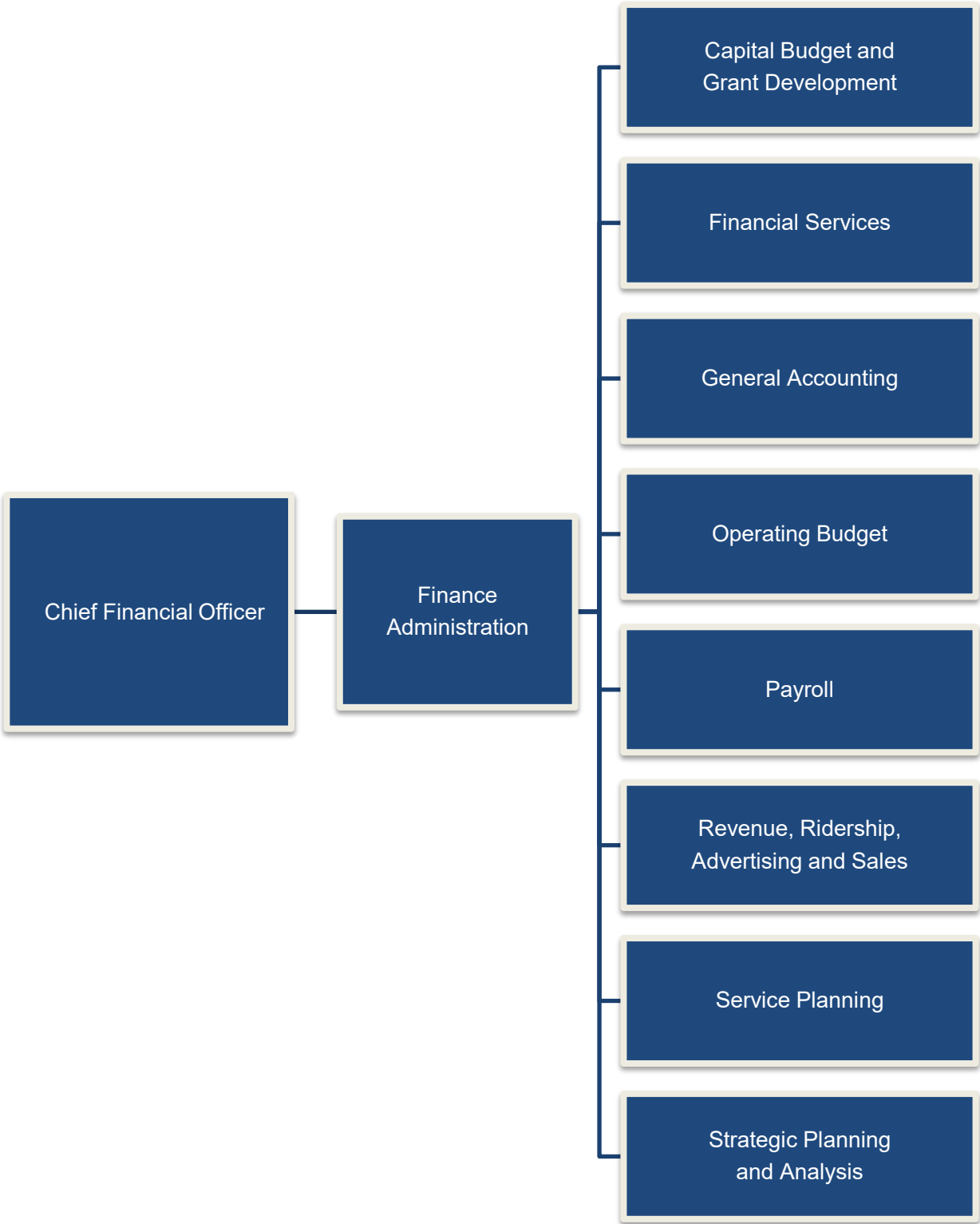
Finance and Planning



Finance and Planning

Overview

The Finance and Planning Division develops and then monitors results for the Authority's Annual Service Plan, Operating and Capital budgets, and federal, state, and local grants. Oversees all Financial Services and Long-Term Planning activities, including the preparation of monthly and annual financial statements for outside stakeholders as well as the management of advertising contracts.





Headcount

Operating Heads	Mgmt.	Clerical	Total
Capital Budget and Grant Development	6	-	6
Finance Administration	9	-	9
Financial Services	24	8	32
General Accounting	9	2	11
Operating Budget	10	-	10
Payroll	3	2	5
Revenue, Ridership, Advertising and Sales	25	29	54
Service Planning	27	15	42
Strategic Planning and Analysis	1	-	1
Total Operating Heads	114	56	170

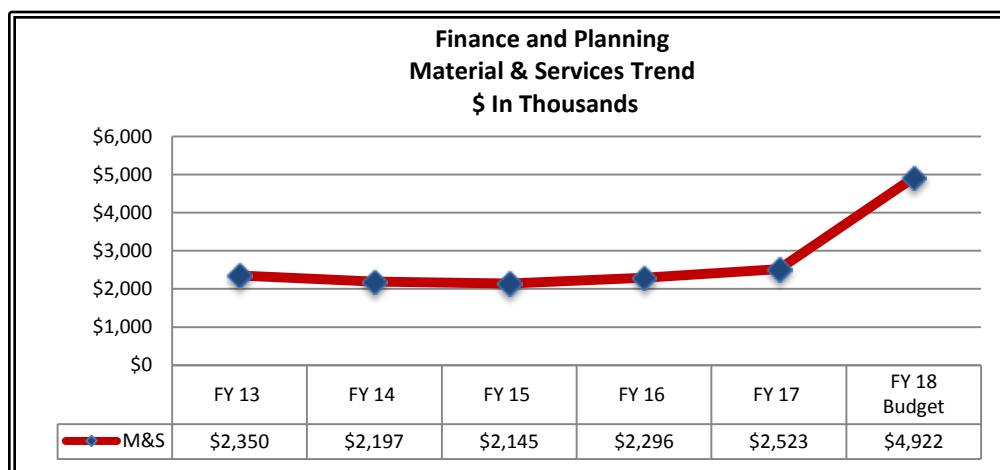
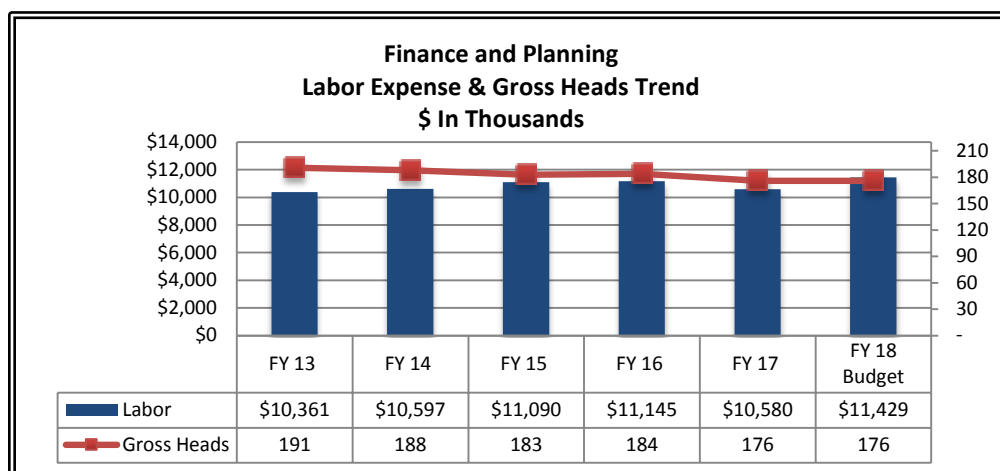
Capital Heads	Mgmt.	Clerical	Total
Capital Budget and Grant Development	2	-	2
Finance Administration	-	-	-
Financial Services	-	-	-
General Accounting	-	-	-
Operating Budget	-	-	-
Payroll	-	-	-
Revenue, Ridership, Advertising and Sales	2	-	2
Service Planning	-	-	-
Strategic Planning and Analysis	2	-	2
Total Capital Heads	6	-	6

Total Heads	Mgmt.	Clerical	Total
Capital Budget and Grant Development	8	-	8
Finance Administration	9	-	9
Financial Services	24	8	32
General Accounting	9	2	11
Operating Budget	10	-	10
Payroll	3	2	5
Revenue, Ridership, Advertising and Sales	27	29	56
Service Planning	27	15	42
Strategic Planning and Analysis	3	-	3
Total Heads	120	56	176



Budget Amounts in Thousands (,000)

	Net Labor	Material & Services	Total
Capital Budget and Grant Development	\$ 469	\$ 3	\$ 472
Finance Administration	1,146	240	1,386
Financial Services	2,125	496	2,621
General Accounting	727	305	1,032
Operating Budget	770	86	856
Payroll	320	2	322
Revenue, Ridership, Advertising and Sales	3,369	2,522	5,891
Service Planning	2,394	62	2,456
Strategic Planning and Analysis	109	1,206	1,315
TOTAL	\$ 11,429	\$ 4,922	\$ 16,351



Note: FY 2018 increase is primarily due to a planned initiative in Strategic Planning and Analysis and Service Planning Departments for a Comprehensive Bus Network Redesign Project which will require outside consultant services. In addition, transaction fees are expected to be higher with the increased rollout of the SEPTA Key Card.



Principal Responsibilities

CAPITAL BUDGET and GRANT DEVELOPMENT

Develop the annual Capital Budget and the twelve-year Capital Program. Prepare, maintain, execute, and monitor federal, state, and local grants from inception to grant close-out. Develop transit capital projects for the regional Transportation Improvement Program (TIP). Provide oversight and prepare analyses of the Vehicle Overhaul Program (VOH), Infrastructure Safety Renewal Program (ISRP), and Transit Security Grant Programs. Also responsible for other special grant programs.

FINANCE ADMINISTRATION

Coordinate, manage, and direct the activities of the Finance and Planning Division. Oversee the development and implementation of the operating and capital budgets, strategic business plans and sustainability plan. Manage financial reporting and develop revenue strategies and fare policies. Coordinate all long range planning and service planning initiatives. Ensure that the Authority's resources are used effectively to maximize capital investments and to maintain access to the capital markets on reasonable terms and conditions.

FINANCIAL SERVICES

Accounts Payable, Billings and Cash Management

Process vendor payments, ensure items processed are correctly recorded, generate all billing invoices, ensure that all receipts due are received and properly applied, and capture and report capital project costs. Manage the Authority's cash resources to ensure sufficient liquidity while maximizing investment income within a prudent level of risk.

Financing and Pensions

Manage the Authority's debt portfolio to ensure compliance with covenants of indentures and loan agreements and the timely payment of debt service. Analyze potential financing transactions and manage the negotiation and implementation of transactions utilizing public municipal debt markets or private placements and loan agreements. Negotiate pension investment management contracts, manage relationships with pension managers, and act as liaison among pension committee, consultants, and pension managers. Provide oversight of investment options and manager/fund performance of Employee Deferred Compensation Plan 457B assets.

Revenue Accounting, Operating Grants, Accounts Receivable and Fixed Assets

Maintain accounting controls over operating revenues, operating subsidy grants, operating receivables, and fixed assets. Prepare applications and billings for operating and senior citizen subsidies and accounts for capitalization and disposition of grant and non-grant property and related depreciation and contributed capital.

GENERAL ACCOUNTING

Manage the Authority's financial reporting and accounting activities. Produce timely and accurate financial reports and properly maintain the accounting system and related internal control structure, which includes managing the monthly and annual financial general ledger close process. Prepare and issue monthly financial and statistical reports to the SEPTA Board and senior management. Prepare required quarterly and audited financial reports that are issued to various financial institutions and government agencies that provide debt financing or subsidies to the Authority.



Finance and Planning

OPERATING BUDGET

Develop a budget plan based upon an evaluation of each department's operating needs in relation to the Authority's overall resources. Review and modify the consolidated results of all proposals to ensure that projected expenditures are balanced with projected revenues and subsidies. Develop annual Operating Budget and multi-year financial forecast. Evaluate proposed financial commitments and personnel requests on an ongoing basis to ensure sufficient funding and adherence to budget. Oversee SEPTA's utility accounts and review and approve utility bills. Conduct analysis to track and forecast financial performance.

Reports & Systems

Maintain the Management Planning and Control (MPC) software used to produce the annual operating budget at the expense object level and integrate with the mainframe environment. Support and train the departmental users of the budgeting system. Coordinate with Information Technology to produce, maintain and distribute monthly and annual internal financial reports.

Specialized Support Assignments

Provide financial analysis and forecasting for substantive financial issues impacting the Authority including bargaining unit contract negotiations, propulsion power, utilities, fuel contracts and income generating contracts. Provide financial analysis for internal discussions and Board briefings.

PAYROLL

Process Authority payroll in a timely and accurate manner. Ensure that payroll-related contractual entitlements are properly reflected in accounting records and paid to individual employees.

REVENUE, RIDERSHIP, ADVERTISING AND SALES

Form a centralized leadership capacity to coordinate multifaceted operations including revenue generation via fare media, parking lots, and non-transportation related advertising income. Monitor and officially reports ridership levels and affiliated revenues. Coordinate Finance and Planning Division's participation in all financial, operational and customers facing aspects to further the advancement of the SEPTA Key Program.

Revenue and Ridership Management

Develop and report monthly ridership and revenue levels. Manage all ridership and revenue data and issue reports as market conditions demand. Issue all required revenue and ridership reports to governmental and ancillary agencies. Manage third party contractors for SEPTA parking garages. Develop and support all passenger revenue pricing and tariffs and matriculate data received from the SEPTA Key Program into the data stream.

Sales

Administers and conducts the sale of all prepaid fare instruments, within the SEPTA service area. Manage the daily operation of five full-service sales centers, the Transit Store, and the www.shop.septa.org web portal. Manages and coordinates sales to over 1,000 external sales venues such as corporate entities, school districts, and retailers. Validates and issues refunds and adjustments for lost rides and fare instruments. Works closely with various teams to ensure the effective transition from legacy fare system to new SEPTA Key media.



Finance and Planning

Advertising

Responsible for administration of transit and railroad advertising, which includes station naming, bus and rail wraps, station and interior train digital screens, and static posters. Responsible for administration of outdoor advertising which includes an extensive static and digital billboard network.

SERVICE PLANNING

Plan and schedule service for City and Suburban operations. Monitor and analyze route performance in accordance with applicable service standards to develop proposals for service improvements. Work with public and private partners to develop new services. Prepare the Annual Service Plan, which includes the service proposals and annual economic review of all routes. Serve as liaison with city and county planning agencies and Transportation Management Associations regarding service planning issues. Coordinate tariff and public hearing process for all route changes. Manage central transit stop database and Automatic Passenger Count (APC) data and reporting. Provide Authority-wide Geographical Information Systems (GIS) support. Support Capital Budget planning on transit service issues.

STRATEGIC PLANNING AND ANALYSIS

The efforts of the Strategic Planning and Analysis Department help SEPTA and the communities it serves create a shared vision for the future, prioritize capital funding, and provide enhanced service.

Long-Range Planning

Long-range plans emphasize comprehensive analysis of existing systems, ridership trends, and demographic analysis to make strategic investments to serve current and future transit needs. Such long-range plans include studies of rail system expansion, existing facilities improvements to support long-term growth, and analysis of bus service networks.

Municipal and Regional Plan Coordination

SEPTA currently participates in many comprehensive plans, transportation studies, neighborhood plans, streetscape designs, and station area or transit oriented development (TOD) plans. All of these studies impact SEPTA and customers in some manner, from how a roadway functions to envisioning new development at a train station to recommending new or improved service concepts.

Comprehensive Station and Service Analysis

This type of plan enables high-quality, community-supported improvements to SEPTA stations and service. Comprehensive plans look holistically at infrastructure and service, not only to improve the customer experience and increase ridership, but also to identify ways to encourage economic development and improved multi-modal (pedestrian, bicycle, bus, and vehicular) access.



Fiscal Year 2018 Goals & Business Initiatives

GOALS	BUSINESS INITIATIVES
I. The Customer Experience	<ul style="list-style-type: none"> a) Focus on strategic initiatives to improve transit service reliability and route changes to address changing ridership levels b) Continue to nurture stakeholder relationships – periodic briefings with local officials, state officials, federal officials, Citizen Advisory Committee, Youth Advisory Committee, SEPTA Advisory Committee on Accessible Transportation, and other key stakeholder groups
II. Employee Development	<ul style="list-style-type: none"> a) Proactively improve employee communications b) Continue to invest in workplace improvements c) Continue to incrementally improve on increasing diversity across organizational business units
III. Rebuilding the System	<ul style="list-style-type: none"> a) Continue to develop, advance, and seek funding for a 12-year capital program that focuses on achieving a state of good repair
IV. SEPTA is a Business	<ul style="list-style-type: none"> a) Continue to balance the budget and improve the economic efficiency of business processes b) Provide financial analysis to support labor contract negotiations c) Actively pursue comprehensive ridership growth strategy d) Increase capacity of system in key growth areas – align additional parking capacity with regional transportation needs e) Leverage investments to maximize ridership growth f) Develop long-range plans to prioritize future system improvement and expansion opportunities
V. Safety as the Foundation	<ul style="list-style-type: none"> a) Advance capital projects with safety as a key objective b) Continue implementation of employee-focused safety and security campaigns



Fiscal Year 2017 Major Accomplishments

Prior Year Goal	Accomplishments
I. Improve internal and external customer responsiveness	<ul style="list-style-type: none"> • Implemented numerous route running time adjustments and headway improvements to increase System wide On-Time Performance. • Many employees served as SEPTA Ambassadors at various events, including the 2017 Philadelphia Flower Show, 2016 Democratic National Convention, 2016 Santa Express, etc.
II. Strategically allocate resources and streamline processes to ensure cost effective service	<ul style="list-style-type: none"> • On February 26, an extension of bus Route 2 peak hour service commenced, connecting to the newly renovated Wayne Junction Regional Rail station to facilitate “reverse commute” opportunities to suburban employment locations along the Lansdale/Doylestown, Warminster and West Trenton Regional Rail Lines. • Rolled out the SEPTA Key Program for City Transit customers. This initially included the ability to add TransPasses to SEPTA Key Cards and was expanded to add Travel Wallet features for customers using tokens. For the first time, customers are able to register their cards and receive balance protection on cash and products added to the card. This expansion is ongoing and will include other Key program aspects and further expansion to the Regional Rail Lines. • New services include splitting of Route 310 into two routes and the diversion of Route 120 to serve Crozer-Keystone at Broomall medical center. • SEPTA made significant progress in completing the Alternative Analysis and Draft Environmental Impact Statement (DEIS) for the King of Prussia Rail Project. The King of Prussia Rail Project is an extension of the Norristown High Speed Line to the King of Prussia area in Upper Merion Township, serving the King of Prussia Mall, Business Park and residential communities of this part of the region. Key milestones reached within the project include: introduction of design options for the recommended locally preferred alternative in response to public and stakeholder comments, backyard visits and neighborhood meetings to discuss the project with residents, the creation of a Community Working Group for the project, drafting of the DEIS document, as well as SEPTA and FTA review of the DEIS. The DEIS is expected to be released in the Fall of 2017.



Prior Year Goal	Accomplishments
III. Expand and strengthen the Authority's stakeholder network	<ul style="list-style-type: none"> • Developed partnerships with community groups, business associations, transportation agencies, and other stakeholders to evaluate opportunities to serve new markets.
IV. Support the economic, financial, social and environmental sustainability of the Authority	<ul style="list-style-type: none"> • Urban Digital Panel program was introduced consistent with SEPTA's mandate to seek alternative sources of revenue in support of transit operations. The program expanded from the initial eleven double-sided 55" digital screens at certain subway and railroad stations to a total of fifty screens. The screens enable continuous streaming of SEPTA service information on a small portion of the screens, while rotating advertising, weather and news on the majority of the screen. If proven successful, the Authority will consider an expansion of the screens throughout other portions of the system.
V. Strengthen accountability, transparency and visibility	<ul style="list-style-type: none"> • Implemented the Five-Year Strategic Business Plan.
VI. Act as a steward for the Authority's short, mid and long-term planning efforts	<ul style="list-style-type: none"> • Provided planning and schedule support for rail shuttle operations during reconstruction projects, for example the Media/Elwyn Crum Creek bridge replacement. • SEPTA was awarded several competitive grants to advance capital projects including station improvements and vehicle acquisitions: <ul style="list-style-type: none"> - SEPTA was selected to receive a \$1.61 million grant award from the Federal Railroad Administration (FRA) to enhance safety at Lawndale Station on the Fox Chase Regional Rail Line. SEPTA's proposal to construct a new pedestrian underpass will receive competitive funding under the Railroad Safety Infrastructure Improvements Grant. The \$9.59 million project will help separate pedestrian access from commuter and freight rail service, and will also include the installation of a high-level platform and passenger shelters. - SEPTA was selected to receive a \$4 million discretionary grant under the FTA's Section 5339 Bus and Bus Facilities program to support expansion of the Wissahickon Transportation Center. The center is served by 11 bus routes with nearly 7,000 boards and alights per weekday. This \$13.25 million project will address capacity constraints and operational concerns, allowing vehicles and pedestrians to navigate the facility more safely.



Prior Year Goal	Accomplishments
<p>VII. Build a highly skilled, diversified, versatile workforce</p>	<ul style="list-style-type: none"> - The Authority was also awarded competitive funding under the FTA's "Low or No Emission Vehicle Deployment Program" to assist in the acquisition of 25 all-electric buses. This \$2.6 million grant will assist in funding the purchase of Proterra battery-electric buses and associated charging equipment, a \$30 million project. The buses are scheduled for delivery in 2017-2018 and will operate on routes 29 and 79 in South Philadelphia. • SEPTA's second Guaranteed Energy Savings Agreement (GESA) and related financing agreement were executed in November 2016. The GESA contract, with an ESCO company, provides for the design, construction, and future operation and maintenance of a Combined Heat and Power (CHP) generator near SEPTA's Midvale Depot. Additional Energy Conservation Measures (ECMs) to be completed as part of the project include LED lighting at Midvale, Liberty Yard, and Roberts Yard. The total cost for this project is \$35.9 million and guaranteed energy savings will be used to pay the debt service and other annual costs associated with the project. This project is expected to be completed in the Spring of 2019. • Supported efforts to achieve targets set forth in the Five-Year Strategic Business Plan. • Incorporate other targeted planning efforts as an integrated component of the Strategic Business Plan, the Operating Budget and the Capital Budget.



SEPTA

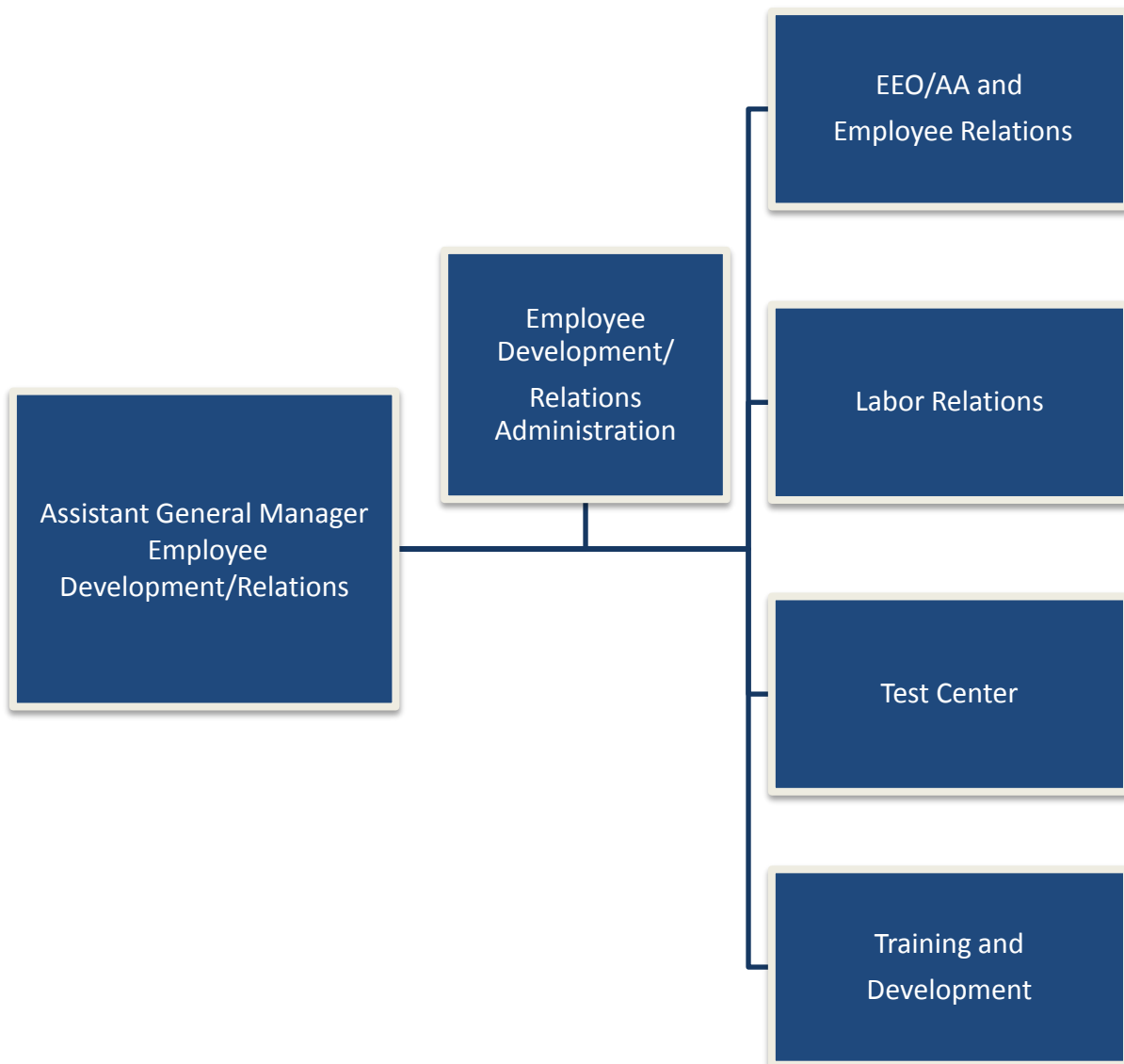
**Employee
Development/Relations**



Employee Development/Relations

Overview

This business unit was newly created in Fiscal Year 2017 with a focus on training, personnel development, and employee relations for our administrative, management and union employees.



Employee Development/Relations



Headcount

Operating Heads	Mgmt	Clerical	Maint.	Total
Employee Development/Relations Administration	2	-	-	2
EEO/AA and Employee Relations	6	-	-	6
Labor Relations	9	-	5	14
Test Center	2	-	-	2
Training and Development	98	-	-	98
Total Operating Heads	117	-	5	122

Capital Heads	Mgmt	Clerical	Maint.	Total
Employee Development/Relations Administration	-	-	-	-
EEO/AA and Employee Relations	-	-	-	-
Labor Relations	-	-	-	-
Test Center	-	-	-	-
Training and Development	-	-	-	-
Total Capital Heads	-	-	-	-

Total Heads	Mgmt	Clerical	Maint.	Total
Employee Development/Relations Administration	2	-	-	2
EEO/AA and Employee Relations	6	-	-	6
Labor Relations	9	-	5	14
Test Center	2	-	-	2
Training and Development	98	-	-	98
Total Heads	117	-	5	122

Employee Development/Relations



Budget Amounts in Thousands (,000)			
	<u>Net</u> <u>Labor</u>	<u>Material</u> <u>& Services</u>	<u>Total</u>
Employee Develop./Relations Administration	\$ 259	\$ 6	\$ 265
EEO/AA and Employee Relations	519	13	532
Labor Relations	1,128	241	1,369
Test Center	139	31	170
Training and Development	7,869	689	8,558
TOTAL	\$ 9,914	\$ 980	\$ 10,894

Principal Responsibilities

EQUAL EMPLOYMENT OPPORTUNITY/AFFIRMATIVE ACTION/TITLE VI AND EMPLOYEE RELATIONS (EEO/AA&ER)

Implement and promote the Authority's EEO/AA Program to address the needs of an increasingly diverse workplace. Respond to complaints of discrimination/harassment filed internally and externally. Ensure compliance with SEPTA's EEO/AA Policies and the Federal Transit Administration's (FTA) regulations. Handle a wide variety of employee relations issues.

LABOR RELATIONS

Conduct all labor negotiations with the bargaining units, handles all grievances, arbitrations, unemployment claims, and Labor Board cases.

Negotiations

Serve as lead negotiator for all labor agreements with the Authority's collective bargaining units in accordance with State and Federal Laws.

Grievances, Arbitrations and Special Boards of Adjustment (SBAs)

Hear all third level and Labor Relations step grievances and represent the Authority in all arbitrations, SBAs, and related litigation. Serve as primary liaison with all attorneys retained on special arbitration cases or other litigation.

Case Presentation to the Pennsylvania Labor Relations Board (PLRB)

Prepare and present all cases associated with the PLRB as they are filed by bargaining units and the Authority.



Employee Development/Relations

Job Classification/Wage Administration

Direct preparation of new and revised job descriptions for hourly classification and coordinate evaluations of bargaining unit positions and negotiate job restructuring and classification issues. Prepare and publish all union and non-supervisory wage rate manuals.

Training

Conduct relevant training of supervisors in contract interpretation and enforcement.

Joint Labor Management Relations

Conduct joint productivity meetings with labor representatives to promote the safe, efficient, and economical operation of the Authority.

Unemployment Compensation

Direct all internal Unemployment Compensation activities, including administration of all claims and representations of Authority positions in hearings and appeals.

TEST CENTER

Administer testing for those seeking employment with the Authority and current employees pursuing positions that require a set level of competency that has been established by Human Resources and the hiring department.

TRAINING AND DEVELOPMENT

Provide training programs to improve employee performance, teach new skills, or retrain employees as required to ensure that the work force has a comprehensive understanding of regulations, procedures, policies, and skills to perform their assigned duties. Responsible for the highest quality training and follow-up recertification programs for transportation, maintenance, and management employees.



Fiscal Year 2018 Goals and Business Initiatives

GOALS	BUSINESS INITIATIVES
I. Implement a Succession Planning Process	<ul style="list-style-type: none"> a) Continue development phase for Group I AIM participants b) Establish executive level curriculum to replace AIM c) Develop and launch expanded 1st Level Supervisor's program d) Conduct lessons learned review of AIM AD e) Support multi-transit agency Leadership Exchange Development Program (LEAD)
II. Provide Leadership for Human Capital Development	<ul style="list-style-type: none"> a) Implement second session of management transition program (AIM & Assistant Director) for developing first to second level transportation and SAM managers b) Review training needs throughout the Authority c) Develop a curriculum that aligns with the succession plan's key positions leadership competency gaps d) Continue implementation of Management Development Training Programs e) Minimize labor and training costs by implementing simulators in Engineer and Conductor training programs f) Develop programs to support career development/equal employment opportunities g) Continue tuition reimbursement program counseling in fields of study appropriate for career opportunities at SEPTA



Fiscal Year 2017 Major Accomplishments

Prior Year Goal	Accomplishments
I. Implement a Succession Planning Process	<ul style="list-style-type: none"> • Launched first class of AIM for Assistant Directors, 26 participants graduated. • Revised AIM program to become an annual executive development program.
II. Provide Leadership for Human Capital Development	<ul style="list-style-type: none"> • Developed five day 1st level supervisor's program that launched January 2017. • Participated in multi-transit agency Leadership Exchange Development Program (LEAD). • Women in the Trades program launched.
III. Other	<ul style="list-style-type: none"> • Completed Key training for 2,000 bus operators prior to pilot launch. • Reached settlements on transit labor union contracts that had expired. Continuing to negotiate to reach settlements with railroad unions whose contracts have expired. • Over 1,300 employees (conductors, engineers, supervisors, dispatchers, and roadway workers) trained to support PTC system operation and regulation. • Developed new training plan to accommodate larger and more frequent classes of new RRD locomotive engineers.



SEPTA

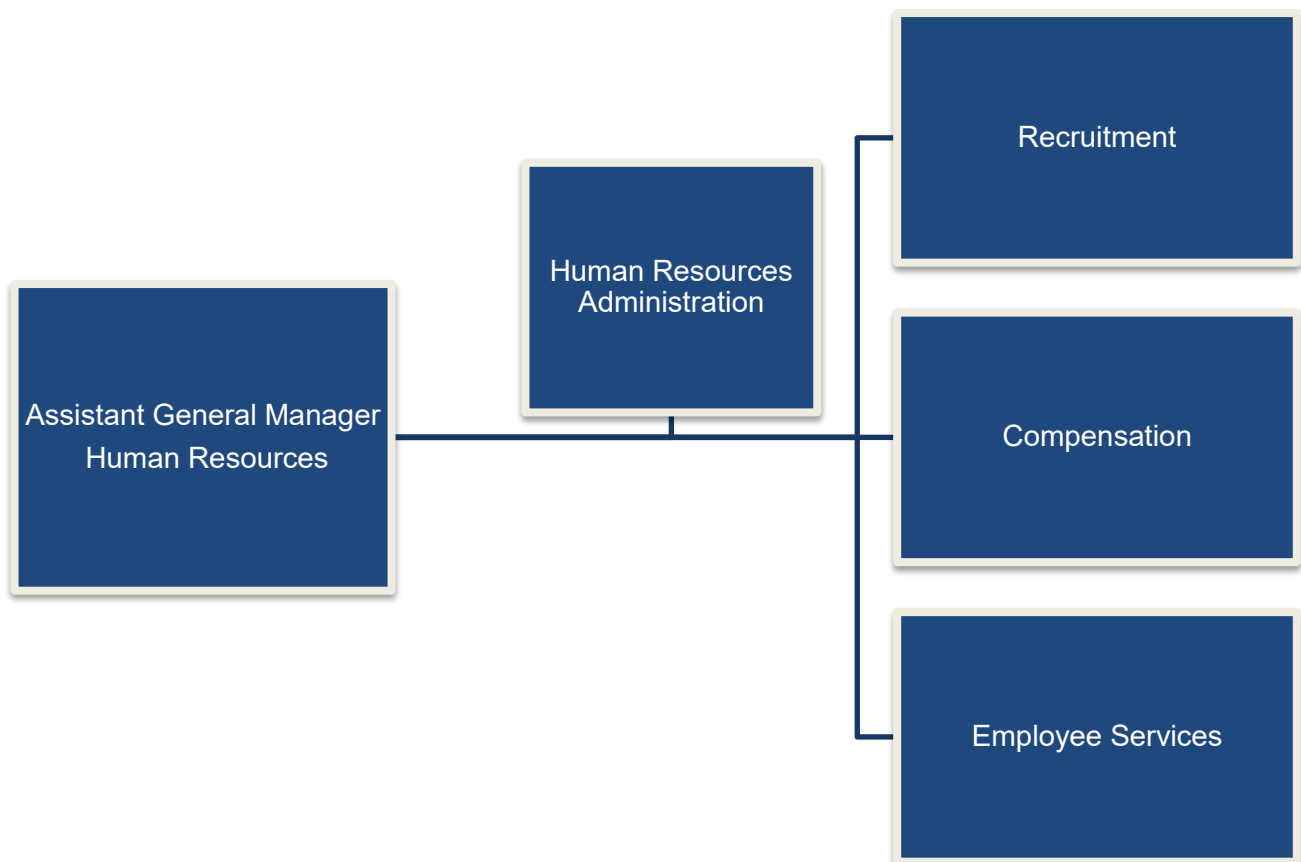
Human Resources



Human Resources

Overview

The Human Resources Division provides recruitment, cost effective benefits and pension programs, and manages employment law programs. The Division is charged with locating prospective new employees and assisting them to assimilate, grow, learn and remain productive assets to the Authority. Human Resources supports employees from the onset of initial interest in the Authority until long after they depart employment.





Headcount

Operating Heads	Mgmt.	Clerical	Total
Administration	3	-	3
Recruitment	12	-	12
Compensation	4	4	8
Employee Services	17	13	30
Total Operating Heads	36	17	53

Capital Heads	Mgmt.	Clerical	Total
Administration	-	-	-
Recruitment	-	-	-
Compensation	-	-	-
Employee Services	-	-	-
Total Capital Heads	-	-	-

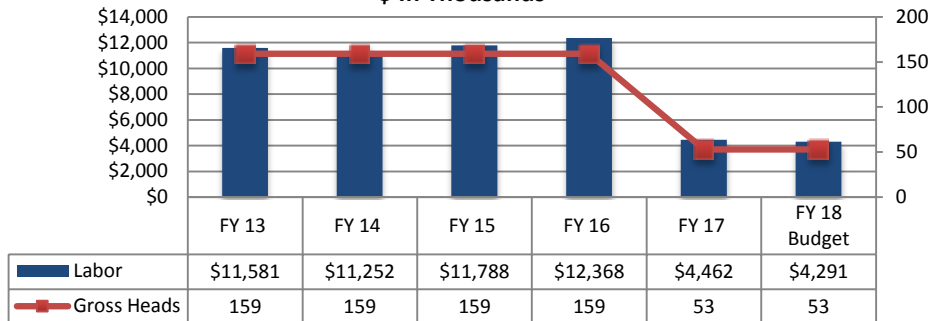
Total Heads	Mgmt.	Clerical	Total
Administration	3	-	3
Recruitment	12	-	12
Compensation	4	4	8
Employee Services	17	13	30
Total Heads	36	17	53



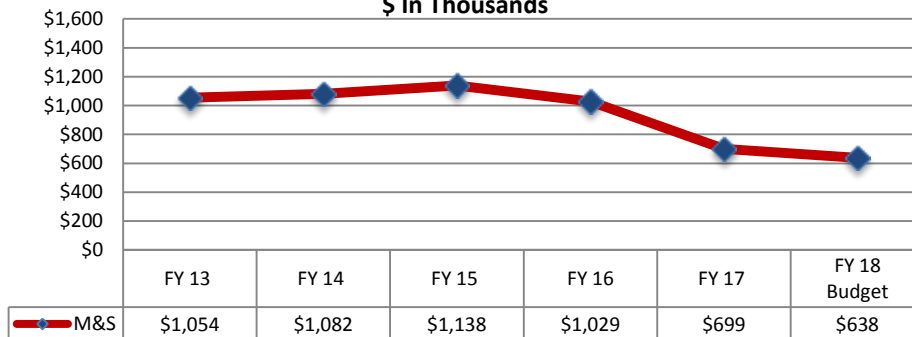
Budget Amounts in Thousands (,000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration	\$ 380	\$ 6	\$ 386
Recruitment	907	194	1,101
Compensation	464	123	587
Employee Services	2,540	315	2,855
TOTAL	\$ 4,291	\$ 638	\$ 4,929

Human Resources Labor Expense & Gross Heads Trend \$ In Thousands



Human Resources Material & Services Trend \$ In Thousands



Note: Employee Development/Relations is a new division created in FY 2017 from Human Resources. See Headcount Cause of Change. Human Resources FY 17 dollars and gross heads above were restated for comparative purposes.



Principal Responsibilities

HUMAN RESOURCES TEAM

The Authority's dynamic business environment requires that Human Resources be responsive by developing and implementing employee initiatives that support the business strategy.

EMPLOYEE SERVICES

Medical

Conduct drug and alcohol testing in accordance with Authority policy and U.S. Department of Transportation regulations. Responsible for conducting medical examinations for fitness for duty, new hire physicals, medical surveillance programs (i.e. PCBs, asbestos), hearing conservation, etc. as required by the Authority. Administer the Employee Assistance Program for all employees and their dependents. Manage the Wellness Program, Family & Medical Leave Act (FMLA) program, and medical case management.

Benefits

Design, negotiate and administer the benefits program, including medical, dental, prescription drug, life insurance, long term disability, supplemental insurance, COBRA, pension, deferred compensation (457B Plan), supplemental voluntary benefits, and flexible benefits programs for 30,000 individuals, including employees, retirees and families. Conducts benefit orientations and information sessions concerning all employee benefit programs.

Compensation/Human Resources Information Systems

Develop, communicate and administer the compensation program for supervisory, administrative and management employees. Update information, monitor and train employees on the use of the Human Resource Information System (HRIS). Maintain files for 9,400 employees and evaluate salaried positions, utilizing the Hay Evaluation System.

Project Management and Organization Effectiveness

Develop initiatives throughout the Authority to improve quality, service and efficiency. These projects are designed to effectuate positive change in a corporate culture through best practices, strategies and new work processes. Develop, maintain, and communicate policies and updates to all employees.

RECRUITMENT AND TALENT MANAGEMENT

Direct and manage recruitment, hiring and transferring of a qualified and competent workforce ensuring equal opportunities by applying controls and compliance to applicable laws throughout the recruitment and hiring process. Continue to assure communication, documentation, and a fair selection process in filling Authority vacancies.



Fiscal Year 2018 Goals and Business Initiatives

GOALS	BUSINESS INITIATIVES
I. Implementation of Benefit Changes	<ul style="list-style-type: none"> a) Implement changes resulting from labor contracts b) Pension, Health, & Welfare changes to include Independence Blue Cross & CVS (other changes include: copays, broker contract, stop-loss contract)
II. Continue Ongoing Wellness Program Initiatives	<ul style="list-style-type: none"> a) Implementation and acclimation of new Wellness Coach, as offered by Independence Blue Cross contract b) Wellness Coach will provide expertise at the following locations: 69th Street Complex, Victory, Suburban Station, and Fern Rock c) Sleep apnea assessment to be added to metrics
III. Development and Updating of Systems	<ul style="list-style-type: none"> a) Review and edit current intranet – leading to development of new intranet b) Research new HRIS system c) Build data warehouse per review and assessment of current and future needs



Fiscal Year 2017 Major Accomplishments

Prior Year Goal	Accomplishments
I. Expand and Strengthen the Authority's Stakeholder Network	<ul style="list-style-type: none"> • Established outreach to JEVS organization, primarily focusing on their adult learning program in building trades at Orleans Technical College. Additionally, expanded network by adding America Works of Pennsylvania, Inc. to our list of partner agencies. • Held inaugural "Women in Trades" career event at SEPTA Headquarters bringing together interested employment applicants, SEPTA construction and mechanical trades departmental leadership, and educational and social agencies that provide training to women preparing for careers in non-traditional roles. • Initiated relationship with the Philadelphia School District's Office of Career and Technical Education to focus efforts on curriculum review and potential future apprenticeships.
II. Provide Leadership for Divisional Replacement Planning	<ul style="list-style-type: none"> • Held monthly meetings to review and discuss current headcounts and hiring plans, full cycle recruitment, and hiring strategies.
III. Reinforce Customer Service Authority-Wide	<ul style="list-style-type: none"> • Participated in a variety of customer initiatives including operations support for DNC, Flower Show, NFL Draft and Philabundance.
IV. Expand the Employee Wellness Program	<ul style="list-style-type: none"> • Implemented initiatives to improve employee health including: Weight Watchers at Work, on-site health and wellness activities, dietician advisory, Farm to SEPTA, Walking Programs, prevention and management programs, and Intranet Health and Wellness classes.



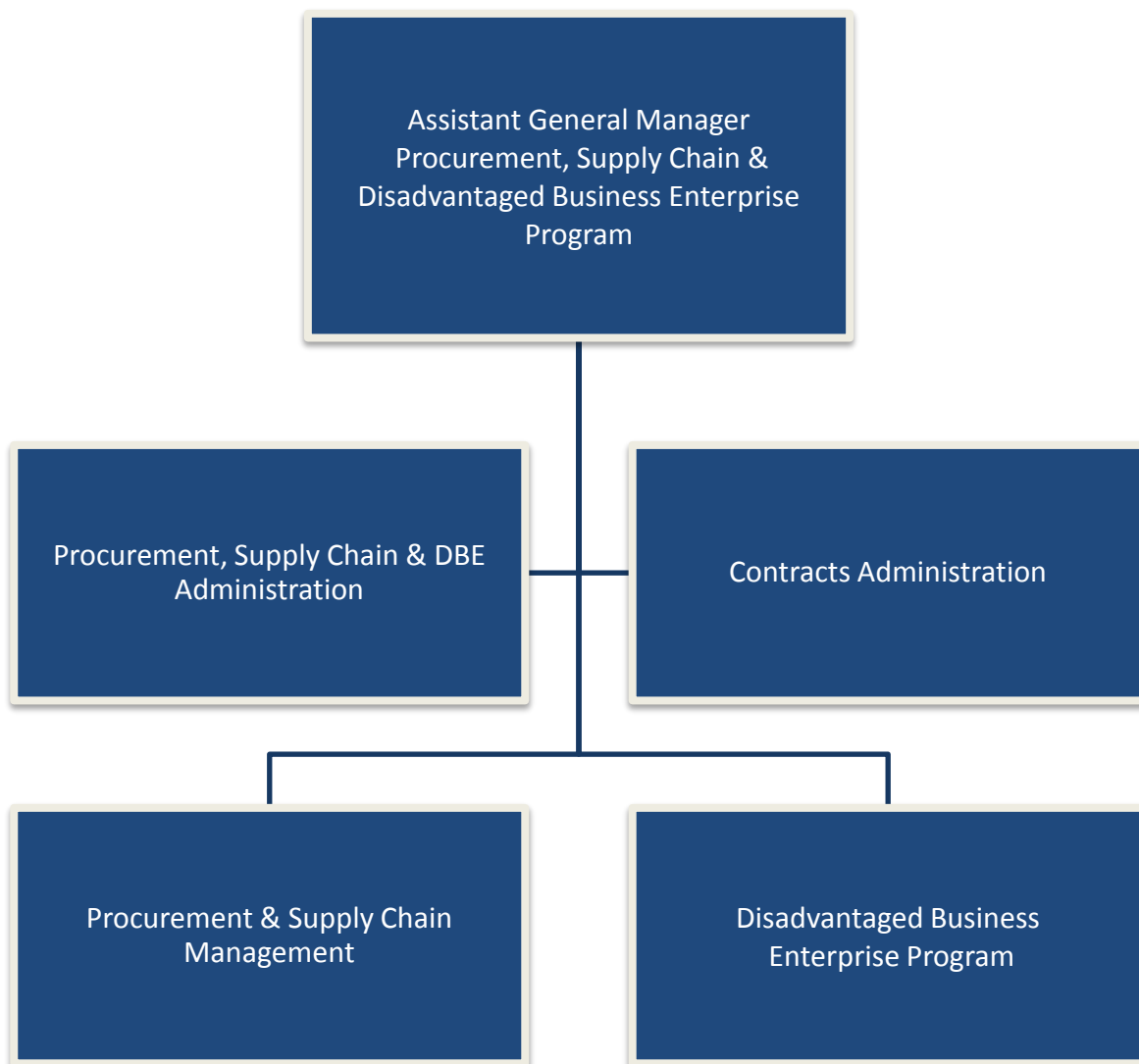
Procurement, Supply Chain & Disadvantaged Business Enterprise



Procurement, Supply Chain & DBE

Overview

The Procurement, Supply Chain & Disadvantaged Business Enterprise (DBE) Program Division is responsible for SEPTA's procurement, materials management, compliance and quality assurance, supply chain management, contracts administration, and disadvantaged business enterprise programs and relevant initiatives.





Headcount

Operating Heads	Mgmt.	Clerical	Maint.	Total
Procurement, Supply Chain & DBE Administration	5	-	-	5
Contracts Administration	16	-	-	16
Disadvantaged Business Enterprise Program	4	-	-	4
Procurement & Supply Chain Management	60	59	3	122
Total Operating Heads	85	59	3	147

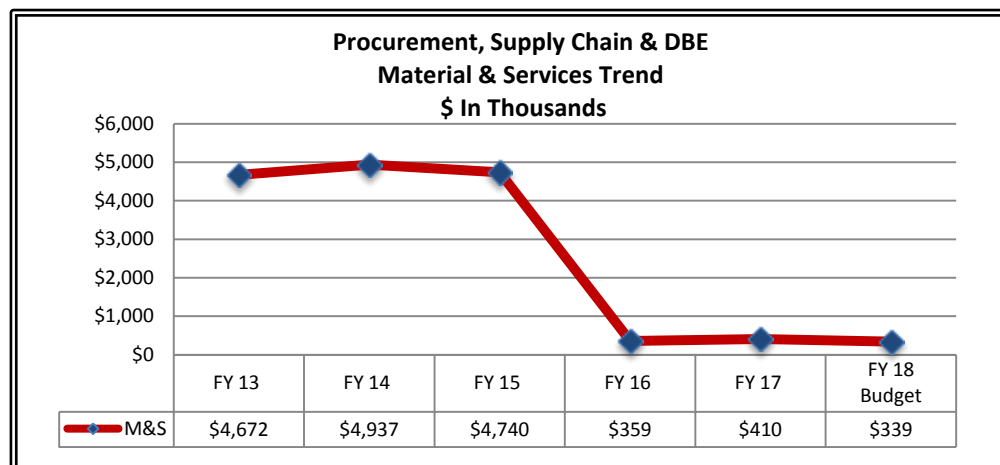
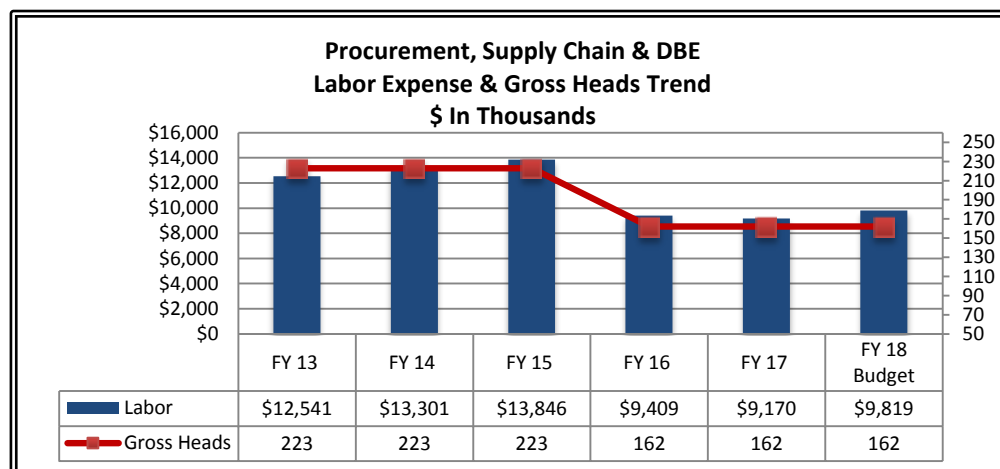
Capital Heads	Mgmt.	Clerical	Maint.	Total
Procurement, Supply Chain & DBE Administration	-	-	-	-
Contracts Administration	-	-	-	-
Disadvantaged Business Enterprise Program	5	-	-	5
Procurement & Supply Chain Management	8	2	-	10
Total Capital Heads	13	2	-	15

Total Heads	Mgmt.	Clerical	Maint.	Total
Procurement, Supply Chain & DBE Administration	5	-	-	5
Contracts Administration	16	-	-	16
Disadvantaged Business Enterprise Program	9	-	-	9
Procurement & Supply Chain Management	68	61	3	132
Total Heads	98	61	3	162



Budget Amounts in Thousands (,000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Procurement, Supply Chain & DBE Admin.	\$ 566	\$ 15	\$ 581
Contract Administration	1,244	27	1,271
Disadvantaged Business Enterprise	274	32	306
Procurement & Supply Chain Management	<u>7,735</u>	<u>265</u>	<u>8,000</u>
TOTAL	<u>\$ 9,819</u>	<u>\$ 339</u>	<u>\$ 10,158</u>



Note: Information Technology Department transferred from the division in FY 2016.



Procurement, Supply Chain & DBE

Principal Responsibilities

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Compliance and Quality Assurance

Provide coordination and enforcement of SEPTA's compliance with Federal, State, and Local funding agency regulations for approved capital projects, planning studies, and other non-operating projects. Participate in updating standard form contracts, the procurement manual and related policy instructions. Provide analytical reports, system administration, enhancements, contract processing, and training support for the department. Administer Authority-wide programs such as e-procurement, electronic stockless stationery, Procurement Card, and the Materials Management/Purchasing system.

Materials Management (Automotive & Rail)

Perform analysis, forecasting, and identification of inventory needs to determine adequate stocking levels to effectively purchase/lease stock and non-stock rail and vehicle parts, material, equipment, supplies, and services utilized by SEPTA, except for major vehicle procurements. Provide direct field support to maintenance directors and shop personnel. Maximize return on investment through Asset Recovery programs and long term, market-based scrap metal contracts. Perform requirements planning for vehicle overhaul programs and various maintenance projects.

Materials Management (Infrastructure)

Perform analysis, forecasting, and identification of inventory needs to determine adequate stocking levels to effectively purchase/lease stock and non-stock infrastructure, material, equipment, supplies, and services utilized by SEPTA. Provide direct field support to maintenance directors and shop personnel. Perform requirements planning for various capital project programs and various maintenance projects.

Supply Chain Management

Plan and coordinate with all Operations areas to meet short and long-term material needs. Coordinate Authority-wide inventory reduction and control programs. Administer storeroom operations, warehousing and distribution functions, including receipt, storage, issue, and control of all stock materials for the Authority's diversified fleet of vehicles and infrastructure maintenance and overhaul programs.



Procurement, Supply Chain & DBE

CONTRACTS ADMINISTRATION

Administer contracts by overseeing contractors to fulfill contractual obligations. Perform solicitations, contract awards, and post-award administration including change orders, dispute resolutions, and closeout.

Construction Contracts

Perform procurement and administration of project-specific Architectural, Engineering and associated construction-related services, new construction, and renovations of the Authority's facilities and structures.

Vehicles & Special Services Contracts

Procure and administer revenue-rolling stock (buses and rail cars), employee benefits, insurance, and associated passenger services such as paratransit and fixed route.

Professional Services Contracts

Solicit, award, and administer professional services contracts such as state and federal legislative services, advertising, brokers and lease and management services, and technical services such as landscaping, janitorial, IT support & maintenance services, pest control services, and Architectural & Engineering services.

Rebuilding Projects Contracts

Responsible for solicitation, award and administration of large scale new construction projects as a result of Act 89 funding, infrastructure hardening and resiliency programs, as well as major equipment purchases such as static frequency converters, wheel truing machines, and drop tables.

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM OFFICE (DBEPO)

Disadvantaged Business Enterprise (DBE) Certification

Participate as one of five principal certifying agencies within the Commonwealth of Pennsylvania to provide one-stop shopping for firms seeking certification as a Disadvantaged Business Enterprise (DBE) in accordance with 49 CFR Parts 26 and 23, and represent the Authority as a managing member of the Commonwealth of Pennsylvania's Unified Certification Program (PA UCP).

Small Business Enterprise (SBE) Program

Administer the Small Business Enterprise Program to meaningfully involve small business concerns in the Authority's procurement and contracting activities towards increasing the race-neutral portion of the Authority's overall DBE goal.

DBE Compliance

Review solicitations to ensure the meaningful involvement of DBE firms in the Authority's procurement and contracting activities; establish goals for applicable projects, evaluate bid/proposal submissions for adherence to DBE requirements, monitor projects for DBE goal achievement, and ensure equitable treatment of DBEs performing on contracts.

DBE Program Outreach

Provide technical assistance, guidance, and resources to all small businesses interested in pursuing contracting opportunities; coordinate internal and external outreach events; facilitate workshops and networking events for majority prime contractors, DBEs, and SBEs.



Fiscal Year 2018 Goals & Business Initiatives

GOALS	BUSINESS INITIATIVES
I. The Customer Experience	<ul style="list-style-type: none"> a) Ensure inventory accuracy of 95% or better. b) Continue to develop relationships with small business advocacy organizations and development centers with the focus of providing support for small businesses to compete on projects. c) Maintain the monthly average of the number of vehicles out of service due to Material Availability to <10 per month.
II. Employee Development	<ul style="list-style-type: none"> a) Improve professionalism and quality of departmental performance: enhance the support desk experience for staff, ensure quick turnaround time for staff requests, and continue to build and maintain relationships with peers throughout the organization. b) Conduct monthly Lessons of Late (LOL) sessions. c) Develop a web based training program.
III. Rebuilding the System	<ul style="list-style-type: none"> a) Analyze and study feasibility of new blanket contracts or group purchases. b) Expedite process for change orders similar to task order process. c) Develop the Authority's triennial DBE goal for FY 2018-2020.
IV. SEPTA is a Business	<ul style="list-style-type: none"> a) Improve efforts regarding the timely payment of consultants and contractors. b) Implement an asset security program. c) Support management consultant review of inventory management process and the DBE Program. d) Implement and evaluate vending machine pilot. e) Conduct analysis of historic procurement activities to determine existing level of SBE/DBE contract awards to develop potential increased participation in support of the SBE plan.
V. Safety as the Foundation	<ul style="list-style-type: none"> a) Promote safety awareness and ensure staff participation in safety events. b) Conduct Safety Briefings.



Fiscal Year 2017 Major Accomplishments

Prior Year Goal	Accomplishments
I. Ensure the best in class service delivery to exceed customer expectations	<ul style="list-style-type: none"> • Achieved an overall rating of 3.8 in the User Department Survey which exceeded the goal of 3.5 in CY16. • Implemented measures to monitor staff accuracy, details and timely processing of bids, change orders, and amendments. • Reached out to other Departments/User Groups: <ul style="list-style-type: none"> ○ Conducted information sessions with the User Groups. ○ Conducted ASI training classes to assist other departments. ○ Implemented and maintained partnership meetings with Track, C&S, Power, and B&B. • Supported Outreach and Ambassador events. • Developed and implemented DBE Program marketing and communication tool. • Continued to develop relationships with small business advocacy organizations and development centers. • Streamlined the Task Order process for faster turnaround.
II. Develop highly motivated and skilled workforce	<ul style="list-style-type: none"> • Continued staff development, ownership, and a sense of urgency in accomplishing the tasks on hand with extreme customer focus. • Continued to build and maintain relationships with peers throughout the organization: biweekly and monthly meetings ongoing with the user departments. • Conducted divisional tours, Procurement trainings, system trainings, and the Operations partnership sessions. • Working group to develop the P&SCM business processes. • Conducted monthly Lessons of Late (LOL) sessions in ten different business topics.
III. Improve facilities, structures, and work environments	<ul style="list-style-type: none"> • Supported the Building the Future program projects. • Facilitated enhanced technology availability to allow efficiency and smoother work flow. • Implemented document management system (NGN) and new workflow process. • Implemented Master calendar to centrally track staff availability. • Implemented ePO, the electronic purchase order delivery via e-mail from the ASI system. • Tested eBid (and conducted a third party security assessment). • Implemented requirement for W-9: upload for ePS set-up to ensure that proper legal names are on all contracts and staff summaries. • Coordinated with IT to review options for developing Phase II of the Procurement Schedule.



Prior Year Goal	Accomplishments
<p>IV. Responsibly manage resources in a way that provides budget stability to grow the system</p>	<ul style="list-style-type: none"> • Reduced Obsolete Inventory. • Initiated work scope and contract documents for the Vending Machine Pilot. • Accomplished 95% of procurement packages within 5 days of PO execution. • Achieved savings through competitive process and the negotiation of sole source contracts. • Achieved \$3.51 million in cost avoidance.
<p>V. Implement initiatives to promote maximum safety and security for our infrastructure systems, and personnel</p>	<ul style="list-style-type: none"> • Conducted Safety Briefings at all Distribution Centers and all regularly scheduled Safety Meetings. • Supported Cross Functional team efforts to develop and maintain a Safety Critical Item determination and inspection process.



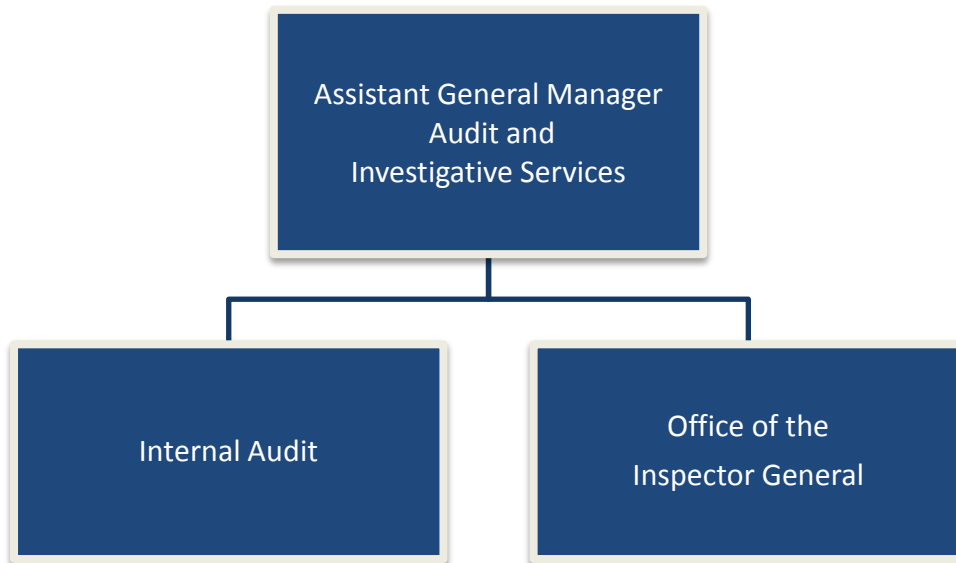
Audit and Investigative Services



Audit and Investigative Services

Overview

The Audit and Investigative Services Division conducts audits, reviews, and investigations of the Authority's operations to promote economy, efficiency, and effectiveness and to detect and deter waste, fraud, abuse, and mismanagement. The Division includes the Internal Audit Department and the Office of Inspector General.



Headcount

Operating Heads	Mgmt.	Clerical	Police	Total
Internal Audit	12	-	-	12
Office of the Inspector General	4	-	4	8
Total Operating Heads	16	-	4	20

Capital Heads	Mgmt.	Clerical	Police	Total
Internal Audit	-	-	-	-
Office of the Inspector General	-	-	-	-
Total Capital Heads	-	-	-	-

Total Heads	Mgmt.	Clerical	Police	Total
Internal Audit	12	-	-	12
Office of the Inspector General	4	-	4	8
Total Heads	16	-	4	20

Audit and Investigative Services

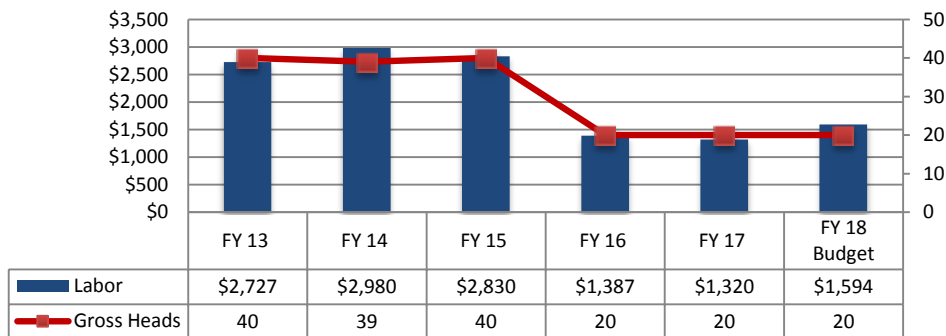


Budget

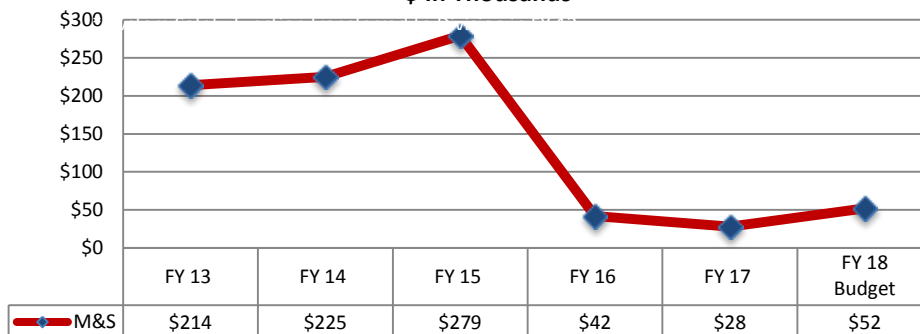
Amounts in Thousands ('000)

	<u>Net</u> <u>Labor</u>	<u>Material</u> <u>& Services</u>	<u>Total</u>
Internal Audit	\$ 895	\$ 19	\$ 914
Office of the Inspector General	699	33	732
TOTAL	\$ 1,594	\$ 52	\$ 1,646

**Audit & Investigative Services
Labor Expense & Gross Heads Trend
\$ In Thousands**



**Audit & Investigative Services
Material & Services Trend
\$ In Thousands**



Note: System Safety Department was previously included in Audit and Investigative Services. It became a division in FY 2016.



Audit and Investigative Services

Principal Responsibilities

INTERNAL AUDIT

Internal Audit is an independent, objective, internal review and consulting activity designed to add value and improve the organization's operations. It provides a systematic, disciplined approach to evaluate financial risk/exposure and improve the effectiveness of risk management, internal control, and governance processes.

Internal Audit conducts financial, compliance, and operational audits of departments within the Authority. The department is also responsible for the review of cost proposals and audits of cost reimbursement contracts and change order/claims. Additionally, Internal Audit provides a wide range of internal consulting support to departments upon request. The Department is comprised of Internal Audit, Information Technology, and Contract Audit sections.

Internal Audit

Internal Audit is responsible for reviewing all areas within the Authority by performing formal audits of an entire process or independent reviews of a particular activity or account balance.

Information Technology

A specialized sub-unit of Internal Audit that is responsible for reviewing new and existing computer applications, access security, and hardware. Independent data extracts and reporting support are also generated for Internal Audit and other divisions.

Contract Audit

Contract Audit is responsible for auditing or reviewing third-party cost data in accordance with Authority's policies and federal requirements. The work includes reviews of pre-contract cost proposals and audits of actual costs incurred on cost-plus-fixed-fee contracts. In addition, Contract Audit performs audits or reviews of cost documentation in support of change orders and claims.

OFFICE OF THE INSPECTOR GENERAL

The Office of the Inspector General is responsible for conducting independent investigations relating to fraud, waste, abuse, and mismanagement. This is accomplished through continuous monitoring and investigations directed at specific concerns.



Fiscal Year 2018 Goals & Business Initiatives

Current Goals
Perform audits of those areas identified in the risk assessment plan
Advance the Asset Protection initiative for storerooms and fare evasion
Perform quarterly follow-up investigation/audits in areas previously identified with instances of waste, fraud, abuse, or control deficiency
Provide timely response to request for support services
Provide audits of third-party cost reimbursement contracts
Review pre-contract cost proposals, change orders, and claims upon request
Advance structured approach to recovery and monitoring restitution payments

Fiscal Year 2017 Major Accomplishments

Prior Year Goal	Accomplishments
I. Authority Policy	<ul style="list-style-type: none"> Advanced compliance with existing policies and promoted issues to be addressed in new or updated policies
II. Regulatory Compliance	<ul style="list-style-type: none"> Addressed compliance issues for the FTA, FRA, and PADOT
III. Financial Responsibility	<ul style="list-style-type: none"> Identified financial exposures to potential and actual loss
IV. Employee Accountability	<ul style="list-style-type: none"> Investigated issues in various divisions that impacted integrity, safety, policy, revenue, and Authority assets, resulting in improved governance



Customer Service and Advocacy

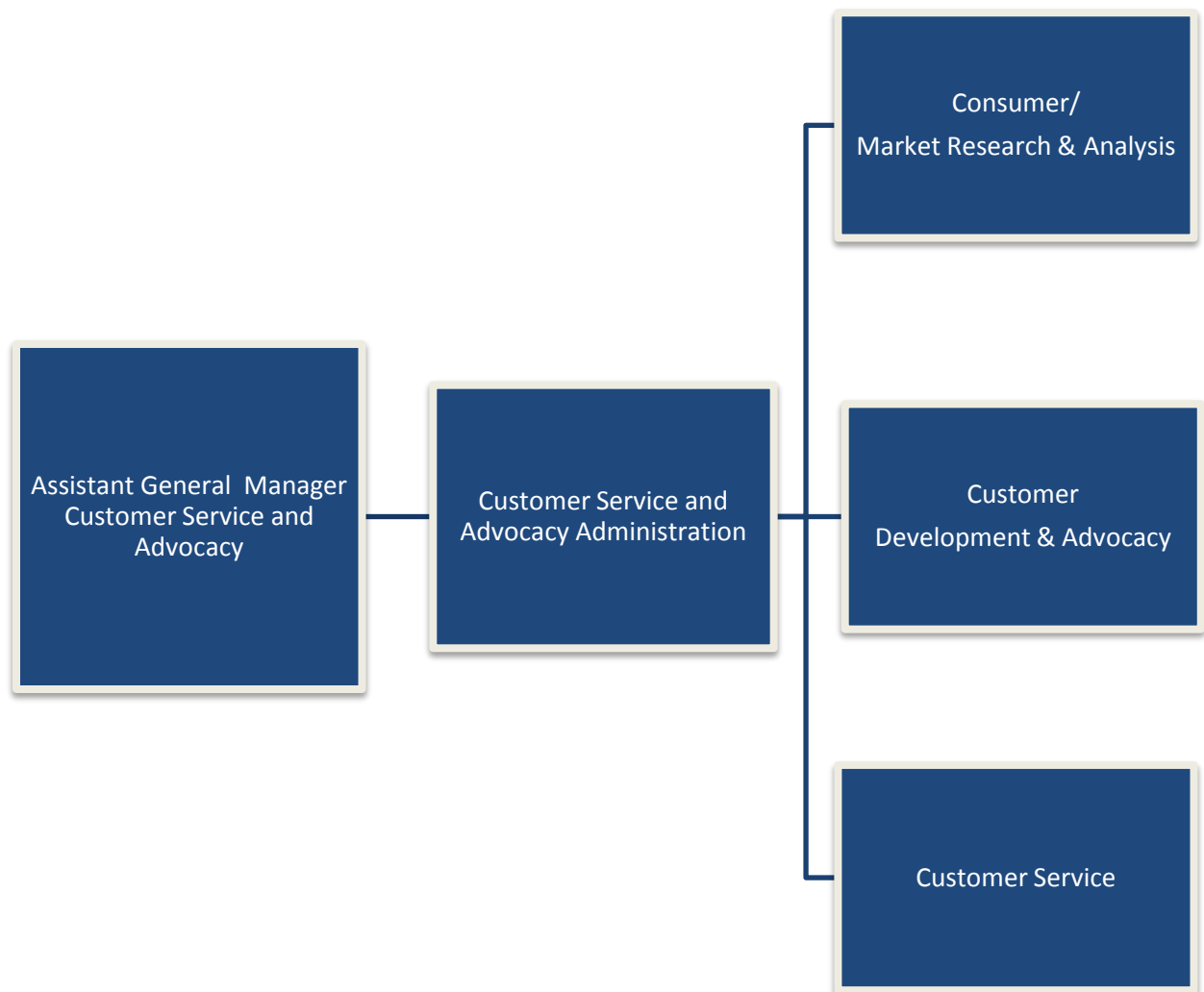




Customer Service and Advocacy

Overview

The Customer Service and Advocacy Division is responsible for the development, implementation, and coordination of SEPTA customer service and customer advocacy initiatives. The Division acts as the clearing house for all customer information shared across various channels, for gathering customer intelligence, for advancing the Authority's "Customer-Focused" agenda, and for performing consumer research to help the organization ascertain customer priorities, satisfaction levels, and overall loyalty.





Customer Service and Advocacy

Headcount

Operating Heads	Mgmt.	Clerical	Total
Administration	3	-	3
Consumer/Market Research & Analysis	2	-	2
Customer Development & Advocacy	5	-	5
Customer Service	13	61	74
Total Operating Heads	23	61	84

Capital Heads	Mgmt.	Clerical	Total
Administration	-	-	-
Consumer/Market Research & Analysis	-	-	-
Customer Development & Advocacy	-	-	-
Customer Service	-	-	-
Total Capital Heads	-	-	-

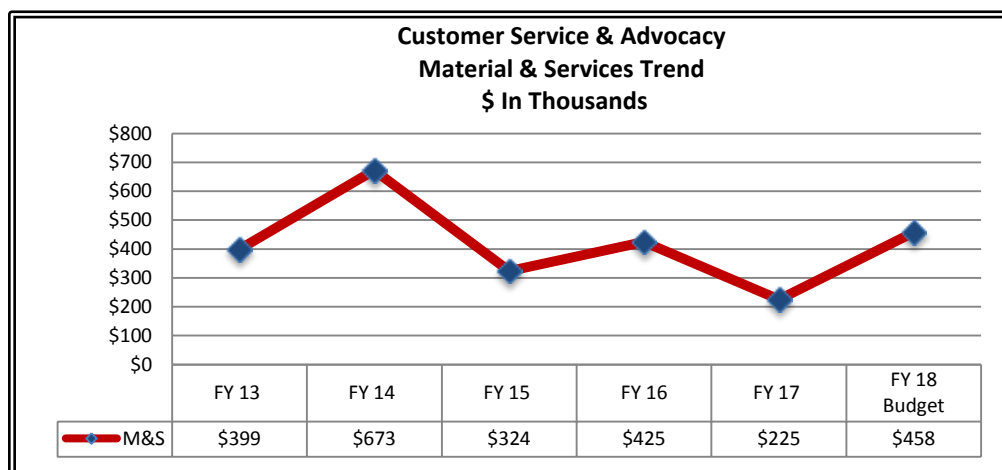
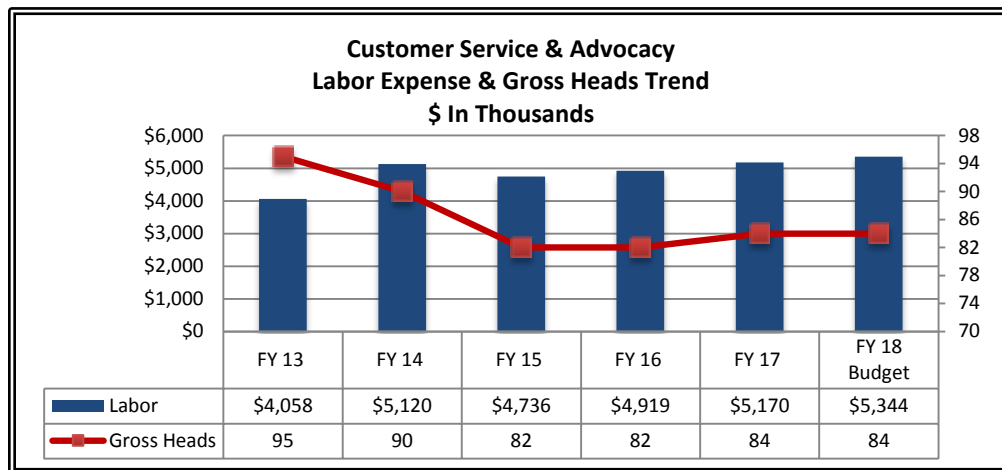
Total Heads	Mgmt.	Clerical	Total
Administration	3	-	3
Consumer/Market Research & Analysis	2	-	2
Customer Development & Advocacy	5	-	5
Customer Service	13	61	74
Total Heads	23	61	84



Customer Service and Advocacy

Budget Amounts in Thousands (,000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration	\$ 265	\$ 441	\$ 706
Consumer/Market Research & Analysis	153	-	153
Customer Development & Advocacy	385	-	385
Customer Service	4,541	17	4,558
TOTAL	\$ 5,344	\$ 458	\$ 5,802





Customer Service and Advocacy

Principal Responsibilities

ADMINISTRATION

Coordinate, manage and direct the financial and administrative activities for the Customer Service and Advocacy Division.

CONSUMER/MARKET RESEARCH & ANALYSIS

Understanding the needs and expectations of a business' customers is vital to success. This unit uses qualitative and quantitative research, plus audits by service quality staff, to support SEPTA's Divisional goals.

CUSTOMER DEVELOPMENT & ADVOCACY

This group champions the SEPTA Customer Experience through interdivisional initiatives, customer outreach/engagement, and new market developments. Department staff is responsible for the Building a SEPTA Customer Service Culture (BASCSC) program, the Station Musician program, and the College Travel Center initiative. The Advocacy unit of Customer Development works with key stakeholder groups such as the Citizens Advisory Committee (CAC), Youth Advisory Counsel (YAC), and Delaware Valley Association of Rail Passengers (DVARP), to foster transparency and broader involvement of customer groups.

CUSTOMER SERVICE

Responsible for responding to customer issues and inquiries received via telephone, email, U.S. mail, fax and walk-ins concerning travel information, lost and found, complaints, suggestions, and commendations. Coordinates use and analysis of Authority's Customer Relations Management (CRM) program, VERITAS, as a critical tool to meet both customer expectations and assist internal units with their performance goals. Department also manages various "Social Customer Services" engagement channels on assorted social media platforms.



Fiscal Year 2018 Goals & Business Initiatives

GOALS	BUSINESS INITIATIVES
I. Nourish and advance a wide array of Customer-Focused initiatives throughout the Authority	<ul style="list-style-type: none"> a) Provide updates on the status of customer experience goals to the General Manager, the GM Team, and Board members b) Work with other divisions to ensure that customer service remains vital and relevant by closing out completed initiatives and introducing new ones c) Closely coordinate customer service programs with other initiatives, such as strategic planning, the SEPTA Key, and the capital program d) Ensure customer-related design features in services and facilities are fully considered through formal Customer Service Division interaction
II. Develop Customer-Focused workforce	<ul style="list-style-type: none"> a) Provide leadership to internal culture change initiatives, such as "BASCSC", that emphasize customer-focused decision making and innovation b) Advocate and support creation of customer-focused organizational goals c) Recognize SEPTA team members that have made a significant contribution to customer satisfaction and/or loyalty d) Participation in Employee Training Programs related to SEPTA Key and culture change
III. Employ technological advancements to improve Customer Service	<ul style="list-style-type: none"> a) Continue efforts to expand SEPTA's reputation as the industry leader in the provision of "social customer service" b) Provide enhanced real time tools to Customer Service staff to provide for accurate and timely dissemination of information c) Move from "Customer Service" to "Customer Intelligence & Analytics" by adopting new business models and technology d) Implement innovative use of translation technology tools and English as a Second Language (ESL) outreach



Fiscal Year 2017 Major Accomplishments

Prior Year Goal	Accomplishments
I. Nourish and advance a wide array of Customer-Focused Initiatives throughout the Authority	<p>External Customer</p> <ul style="list-style-type: none"> • Implemented Google translator at 1234 Market Customer Service office and expanded to 69th Street and FTC. • Continued to support SEPTA Customer Connection events that are focused on customer impact. • Opened the first College Travel Center at University of Pennsylvania to expand SEPTA's presence with the university's student and employee base. • Realigned the Customer Service Quality team observation efforts to meet the needs of the customer, The Customer Experience initiative. • Provided "behind the scenes" access to a variety of regional stakeholders. <p>Internal Customer</p> <ul style="list-style-type: none"> • Expanded BASCSC concepts that impact internal customers, such as recognition initiatives and morale/camaraderie events. • Development of Customer Service Lead Team to expand engagement with customers.
II. Develop Customer-Focused Workforce	<ul style="list-style-type: none"> • Supported SEPTA training programs that are designed to consistently support SEPTA's Customer Service goals. • Expanded interactions within various divisions of SEPTA by providing presentations that focus on the Customer Experience with strategies to enhance workforce engagement.
III. Employ technological advancements to improve Customer Service	<ul style="list-style-type: none"> • Our Social Media team (@SEPTA_SOCIAL) continues to be the best in class at customer engagement. They have received numerous accolades throughout the year for their accomplishments. We also continue to grow our user base for VERITAS, the official customer database for the Authority, to focus on customer engagement.

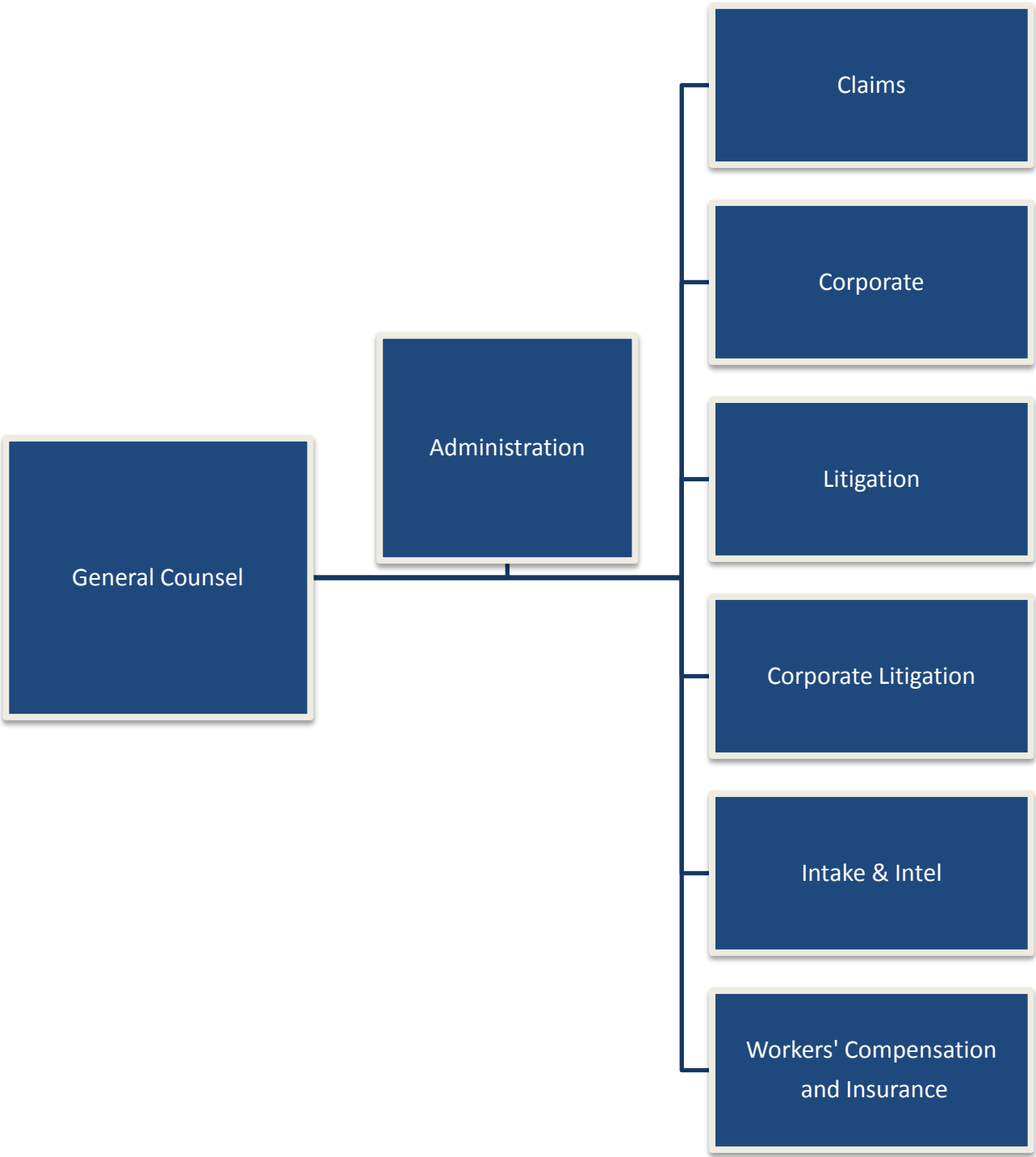


Office of General Counsel



Overview

The Office of General Counsel Division consists of the Corporate, Intake & Intel, Litigation, Corporate Litigation, Claims, and Workers’ Compensation and Insurance Departments, all reporting to the Office of General Counsel.





Headcount

Operating Heads	Mgmt.	Clerical	Total
Administration	7	-	7
Claims	17	10	27
Corporate	11	-	11
Litigation	28	-	28
Corporate Litigation	4	-	4
Intake & Intel	20	12	32
Workers' Compensation & Insurance	7	1	8
Total Operating Heads	94	23	117

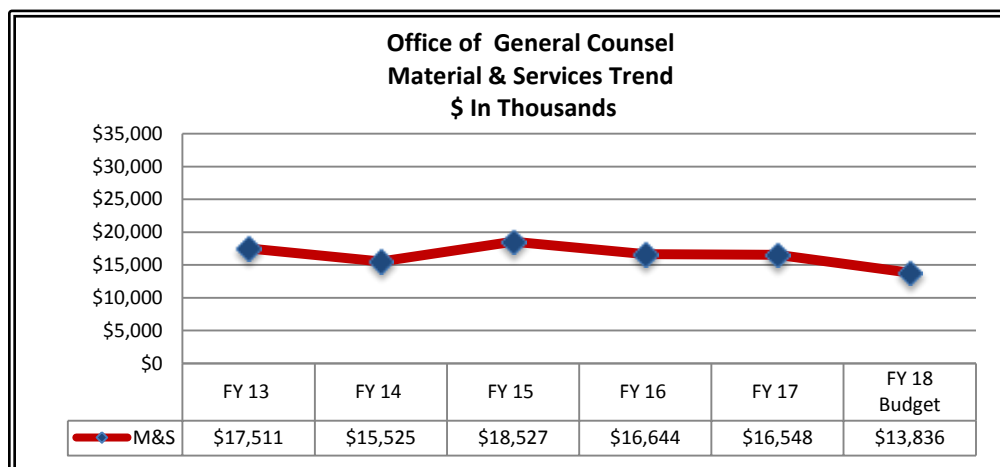
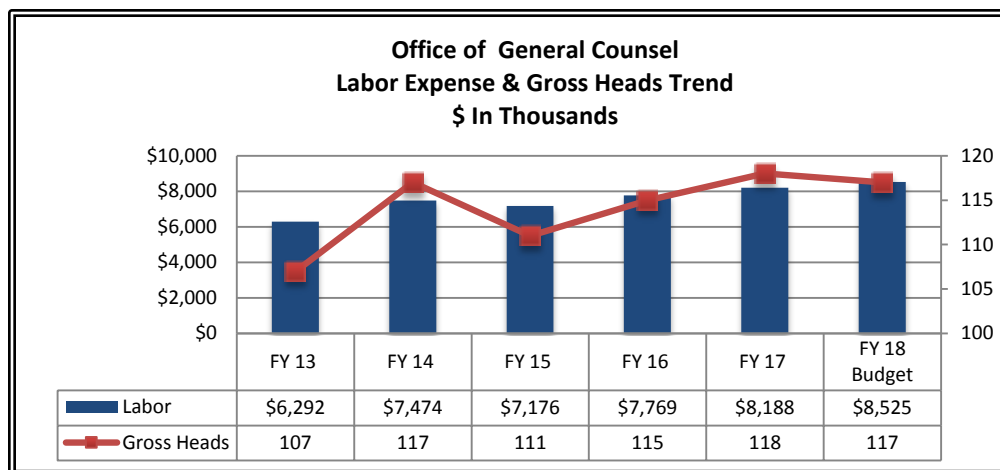
Capital Heads	Mgmt.	Clerical	Total
Administration	-	-	-
Claims	-	-	-
Corporate	-	-	-
Litigation	-	-	-
Corporate Litigation	-	-	-
Intake & Intel	-	-	-
Workers' Compensation & Insurance	-	-	-
Total Capital Heads	-	-	-

Total Heads	Mgmt.	Clerical	Total
Administration	7	-	7
Claims	17	10	27
Corporate	11	-	11
Litigation	28	-	28
Corporate Litigation	4	-	4
Intake & Intel	20	12	32
Workers' Compensation & Insurance	7	1	8
Total Heads	94	23	117



Budget Amounts in Thousands (,000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration	\$ 870	\$ 20	\$ 890
Claims	1,740	1,750	3,490
Corporate	920	3,691	4,611
Litigation	2,198	3,227	5,425
Corporate Litigation	316	3,184	3,500
Intake & Intel	1,934	1,928	3,862
Workers' Compensation & Insurance	547	36	583
TOTAL	\$ 8,525	\$ 13,836	\$ 22,361





Principal Responsibilities

CORPORATE DEPARTMENT

Lawyers within the Corporate Department negotiate and draft legal contracts and other documents that support and promote the activities of client departments. Counsel advises management on matters that have legal implications, assists other departments in drafting documents that have legal-related elements, and works with outside attorneys handling matters involving specialty areas of the law. The Corporate Department is involved in all transactional legal matters such as those related to procurements, construction, technology contracts, real estate, environmental law, energy, sustainability, and railroads and property use. The Business Operations Unit within this Department is responsible for the administrative and business functions that support the Office of General Counsel (OGC), such as staffing and employment management, training, budget development, administering legal services contracts, and managing office equipment and supplies.

INTAKE & INTEL DEPARTMENT

This Department is responsible for performing intake functions for all matters, claims, and requests that come into the Office of General Counsel; seeking and compiling all information, data, and records needed to handle all OGC matters; and featuring those functions associated with carrying-out the Authority's video surveillance program. The video program includes planning, collecting, reviewing, preserving, storing, and producing data from video systems on SEPTA vehicles and in stations. Staff within this Department also respond to and handle requests for, notification of, and production of witnesses for court matters.

LITIGATION DEPARTMENT

Lawyers in the Litigation Department are responsible for the legal representation of SEPTA (both with in-house attorneys and by managing outside counsel) in the defense of and prosecution of civil actions, with the majority of cases involving personal injury and property damage.

CORPORATE LITIGATION DEPARTMENT

Lawyers within the Corporate Litigation Department represent SEPTA in civil actions that are other than personal injury and property damage. Corporate litigation actions include, labor and employment matters, civil rights cases, contracts and construction suits, and trademark registration and infringements. This Department also provides legal counsel to management on employment matters and statutes (including Title VI, ADAAA, ADEA, FMLA, FLSA, and USERRA) and employment concerns before state and federal administrative agencies. Additionally, staff within this Department handles the intake, response, and appeal of requests for Authority records submitted under the Pennsylvania Right-to-Know Law, third party subpoena requests for records and litigation holds.



CLAIMS DEPARTMENT

Claims Department staff is responsible for the handling of personal injury and property damage claims. Many claims are handled in tandem with attorneys in the Litigation Department, from first notice of the claim through its final resolution. Claim handling involves: thorough and detailed examination of evidence, a determination of liability and assessment of potential damages. The existence of pertinent video provides a key piece of beneficial evidence, one which often provides a dispositive defense to a claim. If the Authority is liable to an individual for injuries or property damage, then staff will attempt to settle the claim in an equitable and prudent manner. For claims where the Authority either is not liable or is not able to obtain a just settlement, the case is defended in court by the attorneys of the Litigation Department.

WORKERS' COMPENSATION & INSURANCE

The Workers' Compensation and Insurance Department manages SEPTA's programs to compensate injured employees who have claims under the Commonwealth's workers' compensation laws or under the Federal Employers Liability Act (FELA). Department staff oversee a third party administrator of workers' compensation claims, handling medical and indemnity management, coordinating internal vocational rehabilitation, and managing all alternative and transitional duty programs. Staff also administers supplemental benefits as prescribed by labor contracts. FELA Unit staff oversee a third party administrator of FELA claims which monitors, settles, and oversee litigation of claims of injured railroad workers. The Insurance Unit staff helps to manage the Authority's exposure to risk under transactional situations, through the application of risk management tools such as insurance programs, self-insurance administration, performance bonds, and letters of credit.



Fiscal Year 2018 Goals & Business Initiatives

BUSINESS INITIATIVES

- a) Develop and implement a program, which includes regular periodic reporting, to identify instances for and carry-out the handling of subrogation claims.
- b) Develop and implement an early settlement intervention program to best determine how claims should be handled and to settle those claims that should and can be reasonably settled prior to litigation.
- c) Fully employ metrics, regular reporting and trial team management, with regard to tort litigation, in order to ensure consistent and effective management practices, to improve and develop of staff trial attorneys' handling of cases and written work products.
- d) Optimize the use, availability, and incorporation of video footage products in the handling of tort cases and establish mechanism to ensure that the court can review video that is relevant to motion filings.
- e) Establish and implement a process that includes analyzing FELA claims in a manner that allows for identification of patterns and repeat claims, and notification of relevant departments and management who need to be aware of these patterns and repetitions.
- f) Research, analyze, identify, negotiate, and implement a railroad insurance program that cost-effectively helps SEPTA to manage its risk exposure regarding rail operations and its liability and indemnification obligations pertaining to railroad operations that occur on the rail properties owned by others.
- g) Complete installation of video camera systems, specifically inward/outward facing cameras, on the Silverliner IV, Bombardier, and Locomotive rail cars in SEPTA's regional rail service fleet.
- h) Implement audio recording system to capture and record telephone conversations with individuals asserting claims against SEPTA, so that those statements can be used to evaluate and defend against claims or lawsuits.
- i) Develop and implement a program to track, monitor, analyze, and report quarterly on vendor spending for legal support services, continuing legal education and other training, organization memberships and licensing, library expenses, offices, supplies, and other repetitive cost resources.
- j) Implement a training and development program that allows managers to identify developmental needs and assess the benefit of training and instructional offerings, that allows for monitoring of all developmental initiatives and associated costs, and that provides feedback on the benefits gained from investment in training.



Fiscal Year 2017 Major Accomplishments

- Completed restructuring and streamlining work flow processes by realigning personnel, employing technology, participating in workshops designed to improve relationships and customer service, and developed training plans designed to enable staff to flourish in new or redesigned roles.
- Reduced tort loss payout by \$3.1 million dollars (Non-FELA, Non-Employment, and Non-Workers Comp) from the prior year level. In excess of more than \$600,000 in damages to SEPTA owned property was recovered.
- Tort Litigation Department has established “Best Practices” guidelines for staff attorneys, paralegals and legal assistants. Guidelines include regular reporting by staff attorneys to their managers during the life of a lawsuit. In conjunction with institutionalized use of case management software, regular reporting enables the managers to review attorneys’ written work product, to make informed decisions about cases, and to more expeditiously identify which cases should be tried and which cases should be resolved early in litigation.
- With new and improved monitoring and reporting mechanisms, as well as the introduction and close management of third party administrators, more realistic reserves are being identified for workers compensation claims and FELA matters.
- The approximate number of corporate matters underway on any given day has increased by more than 60% over previous years’ estimates, primarily as a result of the aggressive Building the Future capital program and the increase in projects under that program. Methods to streamline drafting and particularly review processes are being examined. Examples of such methods are an increase in the use of agreement templates, electronic construction of agreements, and closer monitoring of review processes.
- In order to increase the efficiency and timeliness of handling corporate matters, the corporate attorneys have established “expertise” areas so that they can develop a deeper knowledge within their respective areas, be able to handle their matters more expeditiously and be able to advise other lawyers so as to save time. Additionally, a matter tracking and monitoring database has been employed to better manage matter handling.
- Expansion of fixed and mobile video systems, with an increase in camera count, is ongoing as each month new video equipped vehicles or stations/facilities are placed into service. The Inward Facing Camera project, an element of the Video Program, continues to progress, and it is anticipated that the regional rail cab equipped cars will have cameras installed ahead of the targeted date of late 2017. As of January 2017, the Authority’s total camera count was 22,242.
- In order to keep pace with the rising count of mobile video systems installed on the various operating vehicles fleets, the Video Unit began a 3rd shift operation in March 2017. This initiative is an act of efficiency, which will afford a greater opportunity to visit/retrieve video during hours when the fleets are most available. There is an estimated demand for more than 16,000 video production jobs during the 2017 calendar year.
- An early resolution program for FELA claims was put in place and has been enhanced by the hiring of a third party administrator tasked to quickly resolve FELA matters that do not need to be litigated. Regular, frequent monitoring and reporting of the TPA for FELA, as well as the TPAs for workers’ compensation and primary insurance payments allow for proper management and direction of these areas.



Fiscal Year 2017 Major Accomplishments

- Owner-Controlled Insurance Program (OCIP) has been established, and to fully leverage the program, loss control, and claims handling activities are being closely monitored. To date, no major losses have occurred, indicating that the OCIP has the potential to have a strong Return on Investment (ROI) and be highly cost effective.
- In partnership with Human Resource Division's Learning Connection Program, conducted two comprehensive "Guide to Employment Law" seminars for 200+ SEPTA managers. Program provided tools and resources to recognize and avoid violations of law, and reminded managers of relevant obligations, regarding the following areas of employment law:
 - Title VII
 - The Americans with Disabilities Act
 - Family & Medical Leave Act
 - Genetic Information Nondiscrimination Act
 - The Age Discrimination in Employment Act



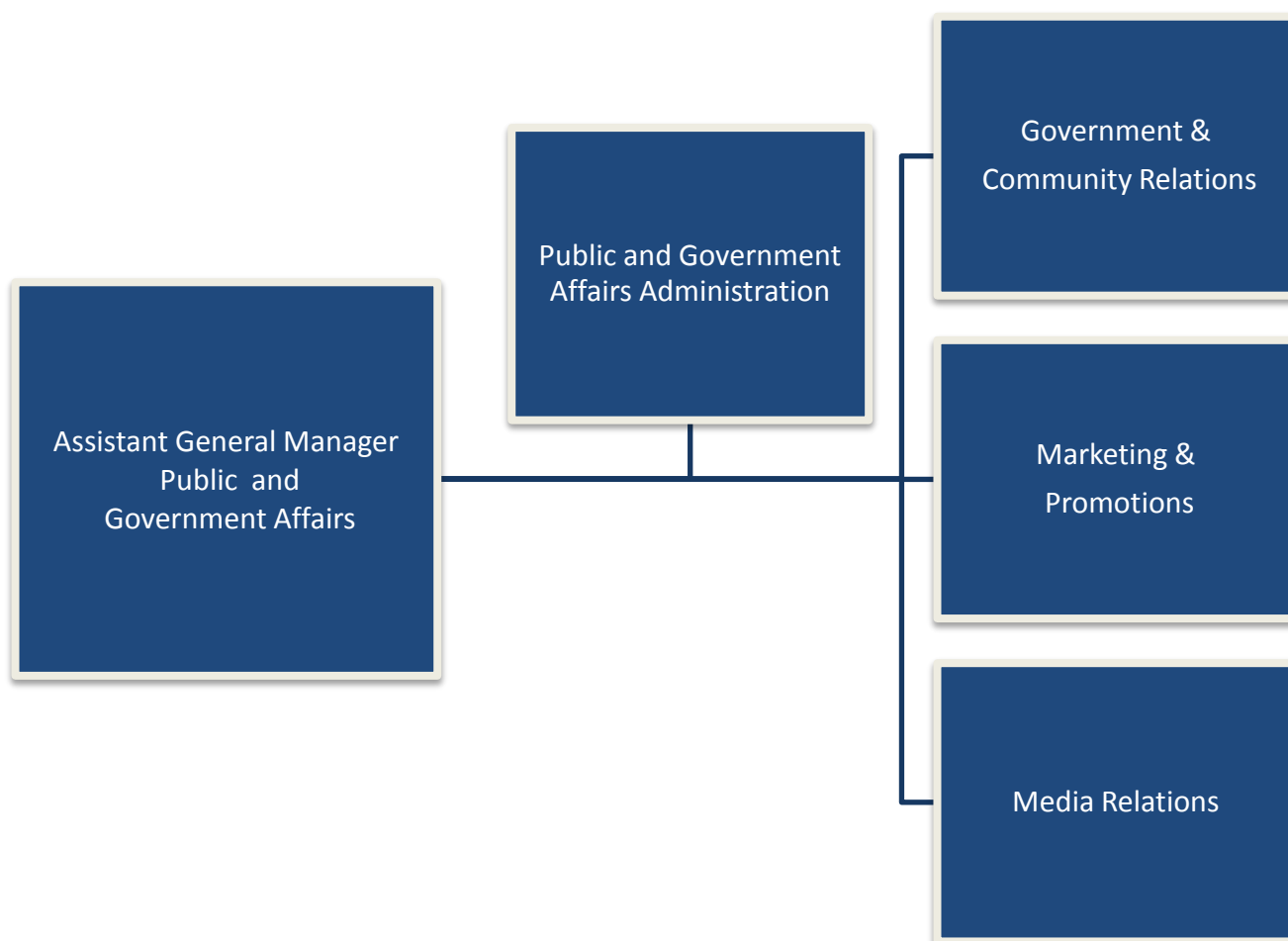
Public and Government Affairs



Public and Government Affairs

Overview

The Public and Government Affairs Division – comprised of Administration, Government & Community Relations, Marketing & Promotions, and Media Relations – is responsible for communicating the Authority's official position on key issues, enhancing public perception, and developing campaigns that promote transit awareness and ridership growth. The Division builds and maintains strong working relationships with federal, state, and local elected officials, members of the media and transit stakeholders to ensure SEPTA's priorities and message effectively reach lawmakers and the public.





Headcount

Operating Heads	Mgmt.	Clerical	Total
Administration	5	-	5
Government & Community Relations	9	-	9
Marketing & Promotions	3	-	3
Media Relations	4	-	4
Total Operating Heads	21	-	21

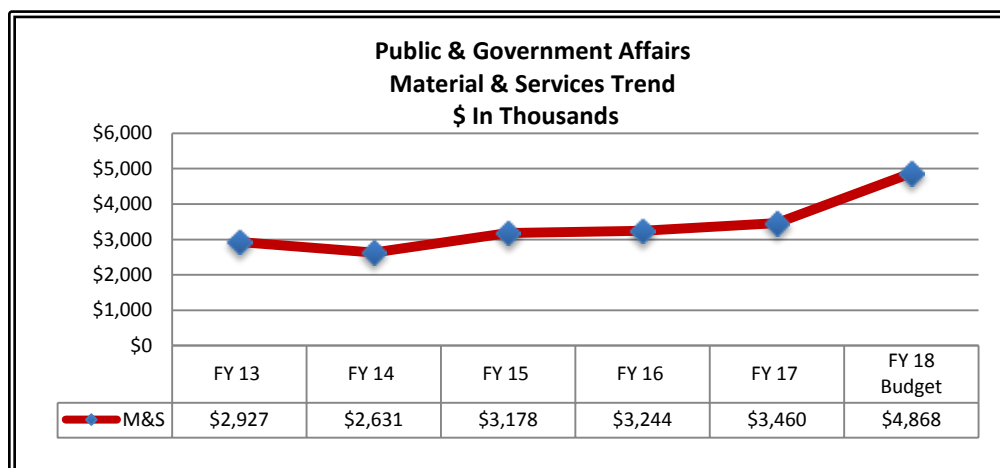
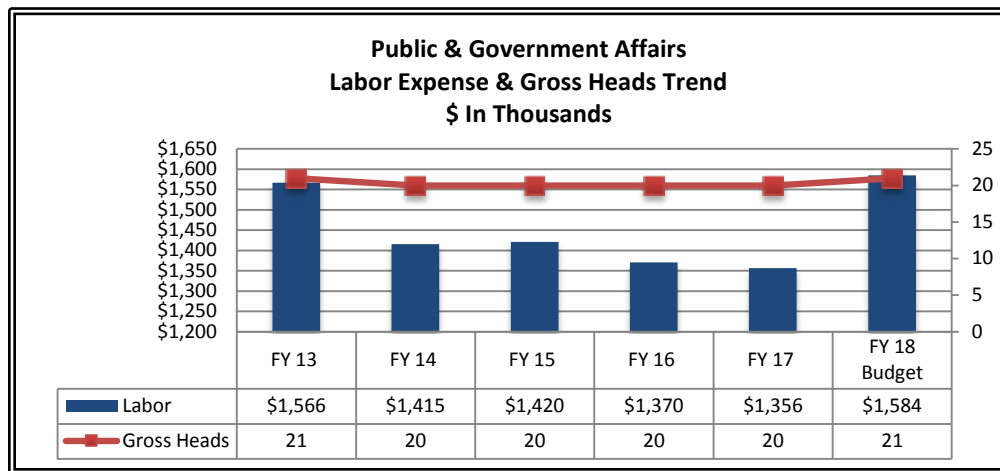
Capital Heads	Mgmt.	Clerical	Total
Administration	-	-	-
Government & Community Relations	-	-	-
Marketing & Promotions	-	-	-
Media Relations	-	-	-
Total Capital Heads	-	-	-

Total Heads	Mgmt.	Clerical	Total
Administration	5	-	5
Government & Community Relations	9	-	9
Marketing & Promotions	3	-	3
Media Relations	4	-	4
Total Heads	21	-	21



Budget Amounts in Thousands (,000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration	\$ 526	\$ 992	\$ 1,518
Government & Community Relations	607	20	627
Marketing & Promotions	163	3,849	4,012
Media Relations	288	7	295
TOTAL	\$ 1,584	\$ 4,868	\$ 6,452





Principal Responsibilities

ADMINISTRATION

Coordinate, manage, and direct the financial and administrative activities for the Public & Government Affairs Division.

GOVERNMENT & COMMUNITY RELATIONS

State

Build and maintain effective relationships with members of the Pennsylvania General Assembly from the five county region, legislative leaders, members of relevant committees, the Governor's administration, and appropriate state departments. Review and analyze all legislation and work with senior management to assess and address impacts on SEPTA. Serve as the Authority's point of contact for legislative and constituent inquiries. Serve as board member and liaison with the Pennsylvania Public Transportation Association (PPTA).

Federal

Work with the region's Congressional Delegation and various federal agencies to ensure SEPTA's interests are represented legislatively and administratively. Review and analyze all legislation and work with senior management to assess and address impacts on SEPTA. Areas of focus include, but are not limited to, transportation authorization and annual appropriations, as well as safety, environmental, and disabilities law and regulations. Represent SEPTA on American Public Transportation Association (APTA) committees.

Local / Community

Work with members of Philadelphia City Council and local officials to advance transit related initiatives and capital projects. Provide proactive outreach, before and during SEPTA projects, and to issues impacting Council Districts and communities throughout the region. Other activities include attending city, county, and municipal meetings to update the public on SEPTA projects. Staff also works with a variety of community groups addressing various transit-related issues.

MARKETING & PROMOTIONS

Use innovative and attention-grabbing promotional campaigns to build awareness about SEPTA service. Interact with current and potential customers to build and maintain ridership across all modes and in all counties. Effectively market SEPTA by utilizing offline and online media, event marketing, loyalty programs, industry-leading social media engagement, and strategic partnerships with area sports teams, businesses, and cultural institutions. Execute contracts and coordinates activities with third-party agencies to maximize the effectiveness of the Authority's promotional and marketing portfolio.

MEDIA RELATIONS

Responsible for managing communication between the Authority and news media outlets. Facilitate coverage through press releases and news conferences, transit publications, website, social media, and blogs, while being responsive to daily news inquiries and emergencies. The departmental director oversees a team who coordinates high-level communication between SEPTA's top management and media affiliates. Provide responsive informational service 24 hours a day, seven day a week (24/7), while coordinating its public image with key departments: Legislative Affairs, Marketing, and Communications. The department is always looking for ways to creatively tell SEPTA's story or partner with organizations that can share its unique and compelling narrative with surrounding stakeholders.



Fiscal Year 2018 Goals & Business Initiatives

GOALS	BUSINESS INITIATIVES
I. Advocates for SEPTA's funding and policy priorities in Congress and the Pennsylvania General Assembly	<ul style="list-style-type: none"> a) Continue efforts to ensure the successful implementation of ACT 89 and the FAST Act b) Work with APTA, MRDG, PPTA, and other stakeholders to maintain sustainable multi-modal transportation funding solutions at the state and federal levels c) Continue to promote the economic impact of transit in large metro regions and highlight the need to bring systems to a state of good repair and enhance capacity
II. Demonstrate the impact and importance of public infrastructure investment – Act 89 and the FAST Act – by highlighting the success of SEPTA's "Building the System" Capital program	<ul style="list-style-type: none"> a) Continue working with regional elected officials to highlight the economic impact generated by SEPTA infrastructure investment in communities throughout southeastern Pennsylvania and the Commonwealth
III. Develop proactive approach to media relations	<ul style="list-style-type: none"> a) Create a regularly reoccurring cycle of events and outreach opportunities for media coverage b) Provide outreach to community groups and general public
IV. Promote regional awareness of SEPTA's progress	<ul style="list-style-type: none"> a) Communicate and promote the rider benefits of SEPTA's Key Card b) Facilitate meaningful partnerships that support the Authority's mission and overall brand



Fiscal Year 2017 Major Accomplishments

Prior Year Goal	Accomplishments
I. Continue to advocate for SEPTA's funding and policy priorities in Congress and the Pennsylvania General Assembly	<ul style="list-style-type: none"> • Worked with state and national partners and coalitions to build upon successful messaging on the importance of multi-modal infrastructure investment • Reinforced the understanding of SEPTA's essential role in the regional and statewide economy • Highlighted how SEPTA's core business principles – Customer Experience, Employee Development, Rebuilding the System, SEPTA is a Business and Safety as the Foundation – are shaping SEPTA's strategic vision
II. Demonstrate the impact and importance of public infrastructure investment-Act 89 and the FAST ACT-by highlighting the success of SEPTA's "Building the Future" Capital program	<ul style="list-style-type: none"> • SEPTA's successful use of Act 89 funds to invest in system-wide state of good repair projects was highlighted via public events, such as the ribbon cutting on the Crum Creek Viaduct project, and through outreach to elected officials and stakeholders • SEPTA received the 2016 Community Transportation Excellence Award from 10,000 Friends of Pennsylvania in recognition of the Authority's efforts to advocate for and utilize Act 89 investment



13. Fringe Benefits

Fringe Benefits are a major expense for SEPTA representing 27.7% of the Fiscal Year 2018 Operating Budget of \$1.45 billion. Responsibility for management of fringe benefit costs rests with all Authority departments, however, Finance and Human Resources take the lead in cost control. Authority expenditures for Fringe Benefits are largely controlled by statutory and contractual obligations and have been significantly influenced by national trends.

Listed below are the various Fringe Benefit categories:

Medical and Life Insurance

SEPTA provides medical, prescription drug, dental, vision, and life insurance benefits for union employees, management employees, and retirees in accordance with SEPTA policy and labor agreements negotiated with each respective union.

Payroll Taxes

This represents the required employer contribution for Social Security (FICA) and Railroad Retirement Taxes (RRT).

Unemployment

SEPTA is required to pay into the State and Railroad unemployment compensation funds and is self-insured for non-railroad employees.

Pension

This includes pension obligations, excluding Railroad employees who are covered by the Railroad Retirement System.

Workers' Compensation and FELA

Obligations to transit and railroad employees injured on duty for their medical bills and lost wages.

Fiscal Year 2018 Operating Budget Fringe Benefit Expense (Amounts in Thousands)		
Medical, Prescription, Dental, Vision & Life	\$	222,148
Payroll and Unemployment Taxes		71,740
Pension		111,400
Workers' Compensation and FELA		<u>32,813</u>
Subtotal	\$	438,101
Capital Support and Projects		<u>(37,800)</u>
Fringe Benefit Expense	\$	<u>400,301</u>

13. Fringe Benefits



Fiscal Year 2018 Operating Budget
Labor and Fringe Benefits
 Amounts in Thousands (000's)

	<u>Net Labor</u>	<u>Net Fringe Benefits</u>	<u>Total</u>
Corporate Staff	\$ 2,834	\$ 1,782	\$ 4,616
Deputy General Manager/Treasurer Administration	1,402	882	2,284
Office of Innovation	329	207	536
Audit and Investigative Services	1,594	1,003	2,597
Communications	1,233	775	2,008
Customer Service and Advocacy	5,344	3,361	8,705
Employee Development/Relations	9,914	6,235	16,149
Engineering, Maintenance and Construction	76,870	48,346	125,216
Finance and Planning	11,429	7,188	18,617
Human Resources	4,291	2,699	6,990
Information Technology	5,869	3,691	9,560
New Payment Tech/Revenue Operations	11,866	7,463	19,329
Office of General Counsel	8,525	5,362	13,887
Operations	467,719	294,160	761,879
Procurement, Supply Chain & DBE	9,819	6,175	15,994
Public and Government Affairs	1,584	996	2,580
System Safety	1,959	1,232	3,191
Transit Police	20,181	12,692	32,873
Other	<u>(6,278)</u>	<u>(3,948)</u>	<u>(10,226)</u>
Total	<u>\$ 636,484</u>	<u>\$ 400,301</u>	<u>\$ 1,036,785</u>



13. Non-Departmental Expenses

Amtrak	The expense is for the maintenance and use of Amtrak-owned track and facilities on the Northeast Corridor (between Trenton, NJ and Newark, DE) and the Harrisburg Line (Paoli/Thorndale Line). The Passenger Rail Investment & Improvement Act of 2008 (PRIIA) was implemented October 1, 2015. The budget reflects PRIIA mandates and cost assumptions developed by the Northeast Corridor Commission with input from SEPTA and other commuter agencies on the corridor.
ADA	The contract cost to SEPTA is shown here. The staff cost for the administration of ADA complementary service and other accessibility programs for the disabled is included in the Operations Division under Customized Community Transportation.
Shared Ride Program	The cost for contractor door-to-door service for senior citizens. The cost of administrative staff in the Shared Ride Program is included in the Customized Community Transportation budget.
Debt Service Interest and Fees	Interest expenses and amortization of insurance premiums associated with the Authority's bonds.
Property Insurance/Other Claims Payouts, Net	Reflects the projected premiums for insurance on various Authority assets, as well as other claims payouts net of recoveries.
Services for Headquarters" Building	Maintenance and administrative service expense for the operation of the corporate offices at the 1234 Market Street headquarters by a professional real estate management firm. These expenses cover both SEPTA and tenant-occupied space.
Snow Removal/ Severe Weather Contingencies	Snow removal and deicing at Regional Rail parking lots and station platforms only. Snow removal for all other facilities is accomplished in-house by SEPTA forces and the related labor expense is included in the departmental budgets.
Utilities	Expense reflects the cost of non-propulsion electricity, heating oil, water and sewer, natural gas, and steam heat. All are based on projected rates of consumption and contractual or tariff based rates. Also included are expenses for telephone, cellular service and trash removal, which are based on our current contractual agreements.



13. Non-Departmental Expenses

CCT Connect - ADA Program

In compliance with the Americans with Disabilities Act, CCT Connect provides ADA complementary Paratransit transportation for persons who cannot use or access regular SEPTA fixed route service. Throughout SEPTA's five-county service area, private carriers are under contract with SEPTA to provide door-to-door transportation to disabled riders by advanced reservation. Projected Fiscal Year 2018 ridership is 710,000 for ADA City Division and 330,000 for the Suburban Division.

One of the main focuses of CCT Connect's efforts for Fiscal Year 2018 will be the continuation of providing 100% next day rides to ADA program patrons. SEPTA is committed to maintaining a "zero trip denial" policy.

The next-day trip initiative will build upon proactive steps taken during recent years. The entire SEPTA-owned fleet of 457 vehicles is maintained to SEPTA's standards by the contract carriers. In addition, the Philadelphia trip reservation scheduling and dispatch was centralized under SEPTA supervision along with driver training and testing. Other programs were instituted to enhance contractor accountability and customer satisfaction, including patron service monitoring and mobile data terminal (MDT) swipe card readers on all CCT Connect vehicles.

ADA Program initiatives continuing during Fiscal Year 2018 include the fleet replacement program for optimizing fleet reliability and an enhanced patron eligibility certification. This process will enable those CCT riders who are able to use fixed route service for some or all of their travel. The training was developed in cooperation with the SEPTA Advisory Committee (SAC) and the disabled community.

Shared Ride Program

The Shared Ride Program (SRP) provides shared, advance-reservation, door-to-door transportation for Pennsylvanians age 65 and older. SEPTA's CCT Connect Department is the SRP county coordinator for Philadelphia County. The Pennsylvania Lottery Fund reimburses SEPTA for 85% of the cost of each eligible CCT Connect Shared Ride Program trip according to pre-established rates, with the balance coming from patron fares and/or third party agency sponsors. The Shared Ride Program's goal for Fiscal Year 2018 is to provide a total of 670,000 senior trips.

The Philadelphia Shared Ride Program Advisory Council (SRPAC), an independent advisory group, provides advice and information to SEPTA on Shared Ride Program service.



13. Other Operating Expenses

Injury and Damage Claims

Fiscal Year 2018 claims expense is budgeted at \$29.9 million. Staff from the Authority's Office of General Counsel, in cooperation with various outside agencies, including the City of Philadelphia and Suburban Counties District Attorney's offices, aggressively defend against fraudulent claims.

Other Expenses

The Other Expenses category includes propulsion power, fuel, vehicle and facility rentals, and depreciation. A further description of these items can be found in the Operating Expense Section.

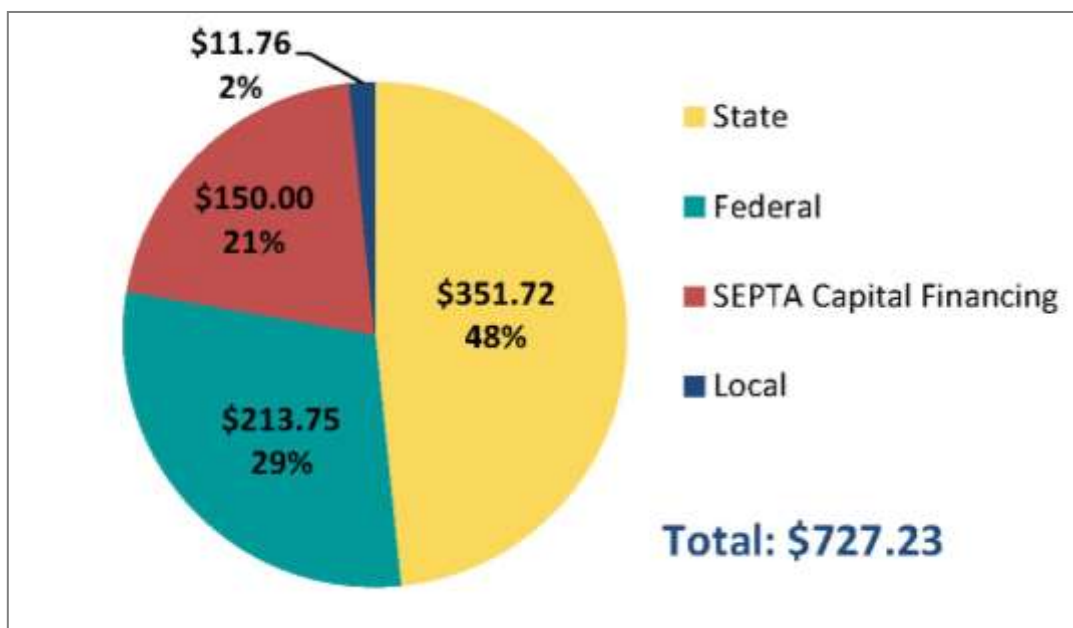


Summary of Capital Improvement Program

14. Capital Improvement Program



Fiscal Year 2018 Capital Budget
Funds by Source
(In Millions)
Total = \$727.23 M



Capital Sources of Funds

Sources of capital funds included in the FY 2018 Capital Budget are projected as follows:

Source	Amount In Millions	Description
State Capital Funds Section 1514	\$351.72	Asset Improvement Program
Federal Transit Administration	\$195.67	Section 5307, 5340, 5337 and 5339 Formula Programs
Employment Based Immigration Loan	\$150.00	5 th Preference (EB-5) Program
Federal Highway Flexible Funds	\$17.08	Anticipated share of the regional flexible funds that are flexed to transit operators
U.S. Department of Homeland Security	\$1.00	Based on SEPTA's anticipated share of Fiscal Year 2018 Transit Security Grant Program funds
City of Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	\$11.76	Local Matching Funds required for Federal and State Capital Grants.
Total	\$727.23	

14. Capital Improvement Program



Fiscal Year 2018 Capital Budget (In Millions)

Capital Programs	FY 2018
Bridge Improvements	\$ 9.64
Communications, Signal Systems and Technology Improvements	36.73
Infrastructure Safety Renewal Program	45.50
Maintenance/Transportation Shops and Offices	56.14
Safety & Security Improvements	19.79
SEPTA Key	99.63
Service Restorations	2.10
Stations, Loops and Parking Improvements	87.70
Substations and Power Improvements	21.76
Track and Right-of-Way Improvements	3.73
Vehicle Acquisitions and Overhauls	241.60
Subtotal Capital Programs	\$ 624.32
Financial Obligations	
Capital Leases	48.29
Debt Service	54.62
Total Capital Budget	\$ 727.23

14. Capital Improvement Program



Fiscal Year 2019-2022 Capital Program (In Millions)

Capital Programs	FY 2019	FY 2020	FY 2021	FY 2022
Bridge Improvements	\$ 9.90	\$ 11.71	\$ 11.11	\$ 11.23
Communications, Signal Systems and Technology Improvements	33.59	37.33	24.05	24.13
Infrastructure Safety and Renewal Program	46.50	47.50	47.50	48.50
Maintenance/Transportation Shops and Offices	56.13	34.23	32.71	32.96
Safety & Security Improvements	19.39	17.73	10.07	10.45
SEPTA Key	30.69	-	-	-
Service Restorations	20.00	48.00	33.90	29.68
Stations, Loops and Parking Improvements	79.20	55.07	47.59	54.49
Substations and Power Improvements	39.60	48.93	47.87	44.81
Track and Right-of-Way Improvements	3.73	2.73	3.09	6.68
Vehicle Acquisitions and Overhauls	232.10	228.99	223.30	229.87
Subtotal Capital Programs	\$ 570.83	\$ 532.22	\$ 481.19	\$ 492.80
Financial Obligations				
Capital Leases	54.31	55.34	56.46	57.59
Debt Service and Capital Leases	56.58	49.30	49.21	36.45
Subtotal Financial Obligations	\$ 110.89	\$ 104.64	\$ 105.67	\$ 94.04
Total Capital Budget	\$ 681.72	\$ 636.86	\$ 586.86	\$ 586.84

14. Capital Improvement Program



FY 2018 Capital Budget and FY 2018 - 2029 Capital Program (In Millions)

Capital Programs / Financial Obligations	Budget						12-Year			
	Prior Funding	Year FY 18	Program Years				FY 2023- 2029	Program Total	Beyond FY 2029	Total Budget
			FY 19	FY 20	FY 21	FY 22				
-----\$Millions-----										
<u>Capital Programs</u>										
Bridge Program	\$1.65	\$9.64	\$9.90	\$11.71	\$11.11	\$11.23	\$128.26	\$181.85	\$0.00	\$183.50
Communications, Signal Systems and Technology Improvements	\$30.68	\$36.73	\$33.59	\$37.33	\$24.05	\$24.13	\$120.93	\$276.76	\$38.65	\$346.09
Infrastructure Safety Renewal Program	\$0.00	\$45.50	\$46.50	\$47.50	\$47.50	\$48.50	\$367.50	\$603.00	\$0.00	\$603.00
Maintenance/Transportation Shops and Offices	\$41.50	\$56.14	\$56.13	\$34.23	\$32.71	\$32.96	\$168.84	\$381.01	\$107.28	\$529.79
Safety and Security Improvements	\$8.40	\$19.79	\$19.39	\$17.73	\$10.07	\$10.45	\$47.61	\$125.04	\$0.00	\$133.44
SEPTA Key	\$137.58	\$99.63	\$30.69	\$0.00	\$0.00	\$0.00	\$0.00	\$130.32	\$0.00	\$267.90
Service Restorations	\$16.88	\$2.10	\$20.00	\$48.00	\$33.90	\$29.68	\$0.00	\$133.68	\$0.00	\$150.56
Stations, Loops and Parking Improvements	\$210.43	\$87.70	\$79.20	\$55.07	\$47.59	\$54.49	\$377.58	\$701.63	\$194.88	\$1,106.94
Substations and Power Improvements	\$9.50	\$21.76	\$39.60	\$48.93	\$47.87	\$44.81	\$123.41	\$326.38	\$14.09	\$349.97
Track and Right-of-Way Improvements	\$10.64	\$3.73	\$3.73	\$2.73	\$3.09	\$6.68	\$42.66	\$62.62	\$35.68	\$108.94
Vehicle Acquisitions and Overhauls	\$215.05	\$241.60	\$232.10	\$228.99	\$223.30	\$229.87	\$1,965.08	\$3,120.94	\$847.13	\$4,183.12
Subtotal Capital Programs	\$682.31	\$624.32	\$570.83	\$532.22	\$481.19	\$492.80	\$3,341.87	\$6,043.23	\$1,237.71	\$7,963.25
<u>Financial Obligations</u>										
Capital Leases	\$0.00	\$48.29	\$54.31	\$55.34	\$56.46	\$57.59	\$436.94	\$708.93	\$0.00	\$708.93
Debt Service	\$0.00	\$54.62	\$56.58	\$49.30	\$49.21	\$36.45	\$329.07	\$575.23	\$283.23	\$858.46
Total Capital Budget	\$682.31	\$727.23	\$681.72	\$636.86	\$586.86	\$586.84	\$4,107.88	\$7,327.39	\$1,520.94	\$9,530.64

14. Capital Improvement Program



Capital Projects Impact Analysis on Operating Budget FY 2018 – FY 2023 SEPTA CAPITAL PROGRAM

Capital Projects and Description of Impacts	Estimated Operating Impact per Year Cost Savings / (Cost Increase) In Thousands					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Hybrid Bus Purchase Program	\$1,969	\$2,818	\$3,529	\$4,207	\$4,664	\$4,664
<p>In 2002, SEPTA began purchasing hybrid diesel-electric buses designed to reduce fuel consumption and SEPTA's carbon footprint through lower emissions. In 2016 SEPTA completed the acquisition and delivery of 275 new 40-foot and 60-foot hybrid buses. In 2017, SEPTA will begin taking delivery of another 525 40-foot hybrid buses. By 2021, more than 90 percent of SEPTA's bus fleet will be hybrid.</p>						
Battery-Electric Bus Program	\$296	\$395	\$395	\$395	\$395	\$395
<p>In 2016, SEPTA received a \$2.6 million grant from the Federal Transit Administration to aid in the purchase of 25 Proterra Catalyst Zero Emission buses. These all-electric buses will be used to service South Philadelphia Bus Routes 29 and 79 and are scheduled for delivery in fiscal year 2018. The Proterra buses feature regenerative braking systems, which save both energy and brake linings by capturing energy that would otherwise be lost and stores it as electricity in the onboard battery. As a result of utilizing electricity to power the buses rather than diesel fuel, the cost per mile decreases significantly (from \$0.65 to \$0.13 per mile) which may generate savings exceeding \$395,000 annually. Additional savings are expected from reduced maintenance costs over the life of the fleet.</p>						
LED Conversion Projects	\$84	\$96	\$106	\$106	\$106	\$106
<p>SEPTA is currently retrofitting rail cars with Light Emitting Diode (LED) lighting, reducing ongoing labor and material expenses while improving energy efficiency and the customer experience. Conversion of the Market-Frankford Line cars with the new fixtures is already underway. SEPTA is also retrofitting maintenance facilities and rail stations with LED lighting. In addition to benefiting from lower energy expenses, SEPTA has also received rebates from PECO via the Smart Ideas energy efficiency programs associated with Pennsylvania Act 129.</p>						
Recycling Program	\$107	\$107	\$107	\$107	\$107	\$107
<p>SEPTA is in the midst of a refresh of its recycling program, which has been in place to divert recyclable municipal solid waste at passenger stations and employee facilities since 2011. Since then SEPTA has consistently improved diversion, and as a result, increased waste disposal savings. The success of the program can be largely credited to employee engagement and an expanded internal recycling program at maintenance facilities and depots. The purpose of the refresh is to continually improve compliance rates in anticipation of greater cost savings in the future, with a particular focus on new lidded recycling containers on passenger platforms and strategic installation of new recycling compactors to further reduce operating costs.</p>						

14. Capital Improvement Program



Capital Projects Impact Analysis on Operating Budget FY 2018 – FY 2023 SEPTA CAPITAL PROGRAM

Capital Projects and Description of Impacts	Estimated Operating Impact per Year Cost Savings / (Cost Increase) In Thousands					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Southern District Stormwater Project	\$ 656	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56
In FY2018 SEPTA will begin construction on the largest green stormwater infrastructure project to-date. More than 8 acres of stormwater will be managed at Southern District in South Philadelphia. This project not only has environmental benefits – capturing stormwater and slowly releasing it into the City of Philadelphia’s combined sewer system – but it has financial benefits as well. In addition to eliminating all future stormwater fees from Philadelphia Water, SEPTA received a grant of \$600,000 from Philadelphia Water to manage an additional 6 acres of stormwater.						
Video Surveillance	\$16,700	\$16,700	\$16,700	\$16,700	\$16,700	\$16,700
SEPTA has purchased and installed more than 20,000 cameras on vehicles and at stations. These cameras have been used in conjunction with a partnership between SEPTA and the City of Philadelphia District Attorney’s Office to reduce fraudulent claims on the system. Savings are expected to continue in future years.						
Revenue Locomotive Replacement Program	\$0	\$350	\$ 400	\$ 400	\$ 400	\$ 400
In July 2015, a contract was awarded to Siemens Industry Inc., for thirteen ACS-64 locomotives with an option for up to an additional five. Fifteen of these vehicles are expected to be delivered in Calendar Year 2018. These locomotives feature regenerative braking, which enables energy from the train’s slowing down to be fed back to the power system for use by other trains. The new locomotives’ regenerative braking capability is expected to reduce electric power use by approximately 3% (as compared to a comparable fleet without regenerative braking).						

14. Capital Improvement Program



Capital Projects Impact Analysis on Operating Budget FY 2018 – FY 2023 OUTSIDE FUNDING

Capital Projects and Description of Impacts	Estimated Operating Impact per Year Cost Savings / (Cost Increase) In Thousands					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Energy Retrofits Master Plan – Facilities & Railcars	\$150	\$246	\$245	\$179	\$275	\$268
<p>In FY2016, SEPTA began to implement a comprehensive energy retrofit master plan, including: \$18.2 million energy efficiency retrofit in partnership with Constellation NewEnergy, Inc. at five major vehicle maintenance facilities (Berridge, Courtland, Fern Rock, Germantown, Southern) and on five railcar fleets (B-IV on Broad Street Line, N-5 on Norristown High Speed Line, Silverliner IV, V and Push-Pull on Regional Rail Lines). Energy savings will more than pay for the project over a period of 17 years. This phase of the installation was completed in August 2017.</p> <p>Additionally, SEPTA issued an RFP in April 2017 for an energy efficiency retrofit at SEPTA Headquarters, 1234 Market Street. The energy retrofit project is budget neutral / cash flow positive pursuant to the PA Guaranteed Energy Savings Act (GESAs).</p> <p>SEPTA will also commission an 8.6 MW combined heat and power (CHP) plant at the Midvale Complex in North Philadelphia in December of FY2019. The CHP plant will provide base load propulsion power to Regional Rail at the Wayne Junction Substation, base load electrical power for the Midvale Bus Maintenance Facility, and heating load for the surrounding facilities. Energy conservation measures were included at surrounding facilities to extend the positive impact of the project.</p>						
Wayside Energy Storage Program Buildout	\$ 210	\$ 210	\$ 210	\$ 210	\$ 210	\$ 210
<p>In FY2016, SEPTA, Viridity Energy, and Constellation executed a partnership to install of 8.75 MW of battery capacity to capture, store, and reuse energy created by the regenerative braking systems on the Market-Frankford Line and Broad Street Line cars. The batteries will also be used to participate in the PJM Interconnection's Frequency Regulation revenue market. The partnership will be budget neutral / cash flow positive and build upon the existing 1.8 MW of battery capacity SEPTA has already installed on the Market-Frankford Line. Combined, the 10.55 MW of battery capacity could generate \$210,000 per year in energy savings and new revenue for SEPTA. Installation is anticipated to be complete by the end of Calendar Year 2017.</p>						
Solar Power Purchasing Agreement	\$9	\$4	\$0	\$0	\$0	\$0
<p>In May 2017 SEPTA entered into a 20-year Power Purchasing Agreement with Sunvest Solar, Inc. Under the Power Purchasing Agreement, SEPTA commits to purchase the power generated from Solar Photovoltaic Systems installed at four SEPTA facilities (2nd & Wyoming, Callowhill, Fern Rock, and Roberts). SEPTA is estimated to save \$20,000 in utility cost over the life of the project.</p>						



Glossary of Acronyms

A	
ADA	The Americans with Disabilities Act of 1990
ADAAA	ADA Amendments Act of 2008
ADEA	Age Discrimination in Employment Act of 1967
AGM	Assistant General Manager
AIM	Advancing Internal Management
APC	Automatic Passenger Count
APTA	American Public Transportation Association
ATC	Automatic Train Control
AVL	Automatic Vehicle Locator

B	
BASCSC	Building a SEPTA Customer Service Culture
B-IV	Heavy Rail Vehicle used on the Broad Street Subway
BSL	Broad Street Line
BSS	Broad Street Subway (also referred to as the Broad Street Line)

C	
CAC	Citizen Advisory Committee
CARD	Computer Aided Radio Dispatch
CBTC	Communications-Based Train Control
CCT Connect	Customized Community Transportation Services
CHP	Combined Heat and Power
COBRA	Consolidated Omnibus Budget Reconciliation Act
CSX	CSX Corporation, a freight railroad and transportation company
CY	Calendar Year

D	
DEIS	Draft Environmental Impact Statement
DGM	Deputy General Manager
DBE	Disadvantaged Business Enterprise
DVRPC	Delaware Valley Regional Planning Commission

E	
EMU	Electric Multiple Unit
EEO/AA	Equal Employment Opportunity / Affirmative Action
ESCO	Energy Savings Company
ESMS	Environmental and Sustainability Management System

F	
FELA	Federal Employers Liability Act
FHWA	Federal Highway Administration
FICA	Federal Insurance Contributions Act
FIT	Facilities Improvement Team
FLSA	Fair Labor Standards Act
FMLA	Family and Medical Leave Act



Glossary of Acronyms

FTA	Federal Transit Administration
FTC	Frankford Transportation Center
FTE	Full-Time Equivalent Position
FY	Fiscal Year

G

GASB	Governmental Accounting Standards Board
GEC	General Engineering Consultant
GESA	Guaranteed Energy Savings Agreement
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GM	General Manager

H

HIPAA	Health Insurance Portability and Accountability Act of 1996
HRIS	Human Resources Information System

I

IBEW	International Brotherhood of Electrical Workers
IBT	International Brotherhood of Teamsters
IIA	The Institute of Internal Auditors
IOD	Injuries on Duty
ISRP	Infrastructure Safety Renewal Program

J

JHSC	Joint Health and Safety Committee
JEVS	Jewish Employment and Vocational Services

L

LEAD	Leadership Exchange Development Program
LEED	Leadership in Energy and Environmental Design
LIBOR	London Interbank Offered Rate
LRV	Light Rail Vehicle
LSC	Location Safety Committee
LUCY	Loop Through University City

M

MDBF	Mean Distance Between Failures
MDT	Mobile Data Terminal
M-IV	Heavy Rail Vehicle used on the Market-Frankford Subway-Elevated Line
MOTU	Philadelphia Mayor's Office of Transportation and Utilities
MPC	Management Planning and Control Operating Budget Software
MPO	Metropolitan Planning Organization
MFSE	Market-Frankford Subway-Elevated
MRDG	Metropolitan Rail Discussion Group
MSHL	Media-Sharon Hill Line



Glossary of Acronyms

N	
N5	Heavy Rail Vehicle used on the Norristown High Speed Line
NEC	Northeast Corridor
NHSL	Norristown High Speed Line
NJT	New Jersey Transit
NPT	New Payment Technology

O	
OCIP	Owner Controlled Insurance Program
OEM	Original Equipment Manufacturer
OGC	Office of General Counsel

P	
PCC	President's Conference Committee streetcar or trolley
PLRB	Pennsylvania Labor Relations Board
PPTA	Pennsylvania Public Transportation Association
PRIIA	Passenger Rail Investment and Improvement Act of 2008
PWD	Philadelphia Water Department
PTC	Positive Train Control

R	
RAP	Rapid Assimilation Program
ROI	Return on Investment
RRD	Regional Railroad Division
RRT	Railroad Retirement Taxes

S	
SAC	SEPTA Advisory Committee For Accessible Transportation
SAM	Supervisory, Administrative and Management
SBA	Special Board of Adjustment
SBE	Small Business Enterprise
SEPTA	Southeastern Pennsylvania Transportation Authority
SOG	State of Good Repair
SRP	Shared Ride Program
SRPAC	Shared Ride Program Advisory Council
SSPP	System Safety Program Plan

T	
TIP	Transit Improvement Program
TWU	Transport Workers Union

U	
UCP	Unified Certification Program
USERRA	Uniformed Services Employment and Reemployment Rights Act of 1994
UTU	United Transportation Union

Glossary of Acronyms



V	
VOH	Vehicle Overhaul Program

Y	
YAC	Youth Advisory Committee



Glossary of Terms

A

Americans with Disabilities Act of 1990 - This federal act requires many changes to transit vehicles, operations and facilities to ensure that people with disabilities have access to jobs, public accommodations, telecommunications, and public services, including public transit.

Accessible - As defined by FTA, a site, building, facility, or portion thereof that complies with defined standards and that can be approached, entered, and used by persons with disabilities.

Accessible Service - A term used to describe service that is accessible to non-ambulatory riders with disabilities. This includes fixed-route bus service with wheelchair lifts or ADA Paratransit service with wheelchair lift equipped vehicles.

Accrual Basis - A basis of accounting in which expenses are recognized at the time they are incurred and revenue is recognized when earned, as opposed to disbursed or received.

ADA Paratransit Service - In accordance with the Americans with Disabilities Act (ADA), SEPTA provides comparable service for people with disabilities who are functionally unable to use regular accessible fixed-route bus service for some or all of their transportation needs. Eligible individuals can travel whenever and wherever buses operate in SEPTA's five-county service region. See also "GCT Connect".

Amtrak - Service Mark of the National Railroad Passenger Corporation and subsidiaries. Primarily provides nationwide intercity passenger railroad service.

B

Balanced Budget - A budget in which expected revenues equal expected expenses during a fiscal period. SEPTA's enabling legislation requires the Board of Directors to adopt a balanced budget before the beginning of each fiscal year.

Blue Line - See "Market-Frankford Subway-Elevated"

Broad Street Line - A rapid transit subway running under Philadelphia's main north-south street. The Broad Street Subway opened in 1928 with several extensions over the years. A spur under Ridge Avenue to 8th and Market Streets opened in 1932. Also referred to as the BSL, BSS and "Orange Line".

Budget - A plan of financial activity for a specified period of time indicating all planned revenues and expenditures for the budget period.

Bus - A transit mode comprised of rubber tired passenger vehicles operating on fixed routes and schedules over roadways. Vehicles are powered by diesel, gasoline, battery or alternative fuel engines contained within the vehicle.

C

Capital Expenditure - Expenses that acquire, improve, or extend the useful life of any item with an expected life of three or more years and a value of more than \$5,000, e.g., rolling stock, track and structure, support facilities and equipment, and stations and passenger facilities. SEPTA includes capital expenditures in the Capital Budget, which is published separately from this document.



Glossary of Terms

Car-Mile - A single mile traveled by either a single vehicle or a single rail car in a multiple car consist.

CCT Connect - SEPTA Customized Community Transportation (CCT) provides paratransit service — CCT Connect — to individuals with disabilities and senior citizens. In addition, SEPTA's bus fleet is 100% accessible.

CMAQ (Congestion Mitigation/Air Quality) Program - A federal grant program in which FHWA funds are transferred to FTA for transit projects designed to improve air quality and reduce traffic congestion.

Commuter Rail - Local and regional passenger train operations between a central city, its suburbs and/or another central city. It may be either locomotive-hauled or self-propelled, and is characterized by multi-trip tickets, specific station-to-station fares, railroad employment practices and usually only one or two stations in the central business district. Also referred to locally as Railroad, Regional Rail and RRD.

Contributed Capital - Reflects capital grants received for the acquisition of fixed assets. Assets acquired with grants are depreciated over the estimated life of the applicable asset. Contributed Capital is also amortized over the same estimated life of the asset.

Cost Per Mile - Operating expense divided by vehicle miles for a particular program or in total.

Cost Per Passenger - Operating expense divided by ridership for a particular program or in total.

Customer Satisfaction Survey – A survey that is conducted every 2-3 years to collect rating observations about the various modes of SEPTA transit from approximately 1,700 riders and non-riders in the SEPTA region.

D

Deadhead - The miles and hours that a vehicle travels when out of revenue service. Deadhead includes leaving or returning to the garage or yard facility; or changing routes and when there is no expectation of carrying revenue passengers. However, deadhead does not include charter service, operator training or maintenance training.

Debt Service - The payment of interest on outstanding debt and the repayment of principal on long term borrowed funds according to a predetermined payment schedule.

Deficit - The amount by which revenue and subsidy falls short of expenses during a given accounting period.

Delaware Valley Regional Planning Commission - The area-wide agency, or Metropolitan Planning Organization (MPO), charged with the conduct of the urban transportation planning process. It is also the single, region-wide recipient of Federal funds for transportation planning purposes. Together with the state, it carries out the planning and programming activities necessary for Federal capital funding assistance. The MPO is designated by agreement among the various units of local government and the governor.



Glossary of Terms

Depreciation and Amortization - The charges that reflect the loss in service value of the transit agency's assets. Depreciated items have a high initial cost and a useful life of more than one accounting period. In order to account for the reduction in value (usefulness) of this type of asset, a portion of the cost is expensed each year of the asset's life.

E

Enterprise Funds - Funds to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

F

Farebox Revenue - Revenues obtained from passengers and other fare subsidies except the state reduced fare subsidy program. Farebox revenue is also referred to as Passenger Revenue.

Fares - The amount charged to passengers for use of various services.

Fast Act – Fixing America's Surface Transportation Act. Passed by Congress and signed into law by President Obama on December 7, 2015, providing long-term federal funding for critical transportation needs.

Fiscal Year - SEPTA's fiscal year runs from July 1 through June 30.

Fixed Guideway - A mass transportation facility using and occupying a separate right-of-way or rail for the exclusive use of mass transportation and other high occupancy vehicles; or using a fixed catenary system useable by other forms of transportation.

Fixed Route Service - Service provided on a repetitive, fixed-schedule basis along a specific route with vehicles stopping to pick up and deliver passengers to specific locations; each fixed-route trip serves the same origins and destinations, unlike demand responsive and taxicabs.

Flexible Funds - Federal funds made available by MAP-21 that can be used for various transportation projects, including both highway and mass transit projects. Allocation of these funds is at the discretion of regional Metropolitan Planning Organizations (MPOs) and state governments.

Federal Transit Administration - The FTA is the federal agency which provides financial assistance to cities and communities to provide mobility to their citizens.

Fringe Benefits - Payments or accruals to others (insurance companies, governments, etc.) on behalf of an employee and payments or accruals direct to an employee arising from something other than the performance of a duty. These payments are costs over and above "labor" costs, but still arising from the employment relationship.

Full-Time Equivalent Position (FTE) - A measurement equal to one staff person working a full schedule for one year.

Fully Allocated Costs - The distribution of operating expenses to each mode by type of service and function. Fully allocated costs account for all direct costs plus the assignment of any joint or shared expenses.

Glossary of Terms



Funding Formula - A specific formula used to determine a subsidy level.

G

Government Finance Officers Association Mission Statement (GFOA) - The purpose of the Government Finance Officers Association is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership.

Green Line - See "Subway-Surface Lines"

H

Headquarters Allocation - A method used to allocate the costs associated with operation and administration of SEPTA's headquarters division to the other four operating divisions.

Headway - Time interval between vehicles moving in the same direction on a particular fixed route.

Heavy Rail - A transit mode that is an electric railway with the capacity for a heavy volume of traffic. It is characterized by high speed and rapid acceleration passenger rail cars operating individually or in multi-car trains on fixed rails; separate rights-of-way from which all other vehicular and foot traffic are excluded; sophisticated signaling, and high platform loading.

Heavy Rail Cars - Rail cars with motive capability, driven by electric power taken from overhead lines or third rails, configured for passenger traffic and usually operated on exclusive rights-of-way.

Hybrid Bus - A bus that is powered by a combination of electricity and diesel, gasoline or alternative fuel.

I

Infrastructure - The physical assets of the Authority, e.g., rail lines and yards, power distribution, signaling, switching, and communications equipment, passenger stations, information systems, and roadways, upon which the continuance and growth of transit depend.

Interest Expense - The charges for the use of borrowed capital incurred by the transit agency, including interest on long term and short term debt obligations.

ISO 14001 Environmental Certification - The international standard that specifies requirements for an effective environment management system (EMS).

L

Leases and Rentals - The payments for the use of capital assets not owned by the transit agency.



Glossary of Terms

Light Rail - A transit mode that typically is an electric railway with a lighter volume traffic capacity compared to heavy rail. It is characterized by passenger rail cars operating individually or in short, usually two car trains on fixed rails on shared or exclusive right-of-way; low or high platform loading; and vehicle power drawn from an overhead electric line via a trolley pole or a pantograph.

Light Rail Car - A rail car with motive capability, usually driven by electric power taken from overhead lines, configured for passenger traffic and usually operating on non-exclusive right-of-way. Also known as “streetcar,” “trolley car” and “trolley”.

Linked Trip - A single, one-way trip without regard for the number of vehicles boarded to make the trip (i.e., a home-to work trip taken by boarding a bus, to a train, to another bus represents one linked trip or three unlinked trips).

M

Market-Frankford Subway-Elevated - The Market-Frankford Line runs on an elevated guideway from the Frankford Transportation Center in Northeast Philadelphia, through Center City Philadelphia as a subway, and continuing on an elevated guideway above Market Street in West Philadelphia into 69th Street Terminal in Upper Darby, Delaware County. Also referred to as the Market Street Elevated (MSE), MFSE and “Blue Line.”

Mean Distance Between Failure – A measure of vehicle availability and reliability, equal to the average distance between failures for all vehicles within a particular mode.

N

Net Position - Total assets and deferred outflows of resources minus total liabilities and deferred inflows of resources of the Authority. This term is used in SEPTA’s annual financial statements.

Non-Revenue Vehicle - Vehicles and equipment that are used for construction, vehicle and facility maintenance, and service supervision. These vehicles are not used for passenger revenue service.

O

Operating Assistance - Financial assistance for transit operations (as opposed to capital) expenditures.

Operating Budget - The planning of revenues and expenses for a given period of time to maintain daily operations.

Operating Ratio - Operating revenue divided by operating expense. For this purpose, the Commonwealth has defined operating revenue to include Passenger Revenue, Shared Ride program revenue, Investment Income, Other Income and Route Guarantees. Also for this purpose, the Commonwealth excludes Depreciation from operating expenses.

Orange Line – See “Broad Street Line”

Glossary of Terms



P

Passenger Miles - The cumulative sum of the distance ridden by each passenger.

Public Transportation - As defined in the Federal Transit Act, transportation provided by bus or rail, or other conveyance, either publicly or privately owned, providing to the public general or special service (but not including school buses or charter or sightseeing service) on a regular continuing basis. Public transportation is also synonymous with the terms mass transportation and transit.

R

Revenue Car Mile or Revenue Vehicle Mile - A single mile traveled by one car (or vehicle) during which the vehicle is in revenue service (i.e., picking up and/or dropping off passengers).

Revenue Vehicle - A single vehicle or a single car in a multiple car consist during which the vehicle is in revenue service (i.e., picking up and/or dropping off passengers).

Reverse Commute - City to suburb commute. This phrase refers to the fact that most riders commute from the suburbs to the city.

Ridership - Each passenger counted each time that person boards a vehicle. See also unlinked passenger trips.

Rolling Stock - Public transportation vehicles including commuter rail cars, locomotives, rapid transit cars, light rail cars, trolleybuses, buses, and vans.

Route Mile - A one-mile segment of a given fixed route in a fixed route network.

S

Shared-Ride Program - The Shared-Ride program is a door-to-door, advance-reservation, ride-sharing service, offered to senior citizens 65 years of age and residents of Philadelphia. This service can be used to travel within the City of Philadelphia and to any location in the surrounding counties within three miles of the City's border. Pennsylvania's Lottery Fund contributes to the cost of operating this program.

Silverliner - A multiple unit self-propelled railroad passenger car, powered by electricity collected from overhead catenary wires. The Silverliner fleet was acquired over time and currently consists of two vehicle types—Silverliner IV and V. These railroad cars feature stainless steel construction and represent the majority of SEPTA's railroad fleet.

Streetcar - See "Trolley"

Subsidy - Funds received from another source that are used to cover the cost of a service or program that is not self-supporting.

Subway-Surface Lines - A combination of five trolley lines serving various neighborhoods in West Philadelphia or nearby suburban communities above ground, reaching Center City Philadelphia through a subway tunnel partially shared with the Market-Frankford Line.

Surplus - The amount by which revenue and subsidy exceeds total expenses during a given accounting period.



Glossary of Terms

T

Total Vehicle Miles - The sum of all miles operating by passenger vehicles, including mileage when no passengers are carried.

Trackless Trolley - See "Trolleybus"

Trapeze - Software utilized by SEPTA for scheduling and management of transportation operations.

Trolley - A powered rail car, usually driven by electric power drawn from overhead wires via a trolley pole or pantograph. The vehicle usually operates on shared rights-of-way. Also known as "trolley car," "streetcar" and "light rail car".

Trolleybus - An electric, rubber-tired transit vehicle, manually steered, propelled by a motor drawing current through overhead wires from a central power source not on board the vehicle. Also known locally as "Trackless Trolley" or "Trolley Coach."

V

VERITAS - Authority's Customer Relations Management (CRM) program